



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

A

845,368

PROPERTY OF
*University of
Michigan
Libraries*

1817

ARTE SPICILIA VERITAS

2

21591

A RETROSPECT
OF
POLITICAL AND COMMERCIAL AFFAIRS
IN
CHINA
DURING THE FIVE YEARS 1873 TO 1877.

Richard EDITED BY
St. John
R. S. GUNDRY.

SHANGHAI:
PRINTED AT THE "NORTH-CHINA HERALD" OFFICE.
1878.

DS
740
G97

2/6/11

PREFACE.

FIVE years ago, a small volume was published containing a reprint from the "North-China Herald" of the Retrospects of political and commercial events which are written every year in that paper, for the five years from 1868 to 1872.

The project had been entertained of carrying back the work in another volume to 1863, in order to provide a fairly complete, even if very brief, sketch of events since the close of the last war. Partly from lack of encouragement, however, partly from other causes, this idea was not carried out; but it was resolved to carry forward the design and to publish a fresh volume at the expiry of another five years—at the close of 1877.

That period has arrived; and a second volume, covering the period from 1873 to 1877, is now published, with the conviction that it will be found a useful book of reference pending the appearance of a more pretentious history of our intercourse with China.

The Political articles are, as in the former volume, solely from the pen of the Editor, who is conscious that many defects can be charged against them. The excuse is that they do not pretend to be standard history, thoughtfully elaborated in the calm of a study, but simply retrospective sketches of each year's events, written originally for publication in a newspaper.

The Commercial reviews, on the contrary, proceed from many different authors ; but in each case from experts in the subject treated of. The scope of these articles has continued to expand yearly since they were first undertaken, as their value has been recognised ; and they form, it is believed, a careful and complete review of the course of the four chief staples of the China trade during the period treated of.

RETROSPECT

OF POLITICAL EVENTS IN

CHINA AND JAPAN

DURING FIVE YEARS (1873 TO 1877.)

1873.

Political. THE leading incident which we had to chronicle last year, was the marriage of the Emperor—not, as we pointed out at the time, the mere fact that His Majesty had taken to himself a consort, but the acceptance of personal responsibility and power implied in the proceeding. And his formal assumption of power, after a short interval from the marriage, is the first incident that claims notice in our review of 1873. His Majesty formally accepted the responsibility of government on the 23rd of February; and the Foreign Ministers at once wrote to the Tsungli-yamen, intimating their wish to congratulate him personally on the event. Much haggling about form and ceremony; much endeavour on the part of the Chinese to deprive the concession of its value, and some effort on the part of the Ministers to assert the position of the countries they represented—ensued. His Excellency Soyeshima, Foreign Secretary to the Japanese Government, arrived in the meantime, as Ambassador from the Mikado, and at once claimed admission to the Presence on the same footing as his colleagues. Rumour said at the time, that his firm attitude contributed to the eventual solution of the problem; we must await the publication of official papers before judging accurately the value of the report.

However this may be, the Audience was eventually had on the 29th, in the building where Envoys of Tributary States are habitually received, but with the essential difference that, in this case, the form of salutation was foreign. The details of the ceremony appear to have been unobjectionable. The misfortune is that proper measures were not taken to give publicity to the circumstances, and to establish clearly in the eyes of

the Chinese the true position and power of Foreigners. So far from this being done, the only notice taken of the ceremony in the Peking Gazette was a statement that, as foreign envoys (designated by the same term as the annual emissaries from Liuchiu and Corea) had supplicated (the same term used by Chinese to supplicate a mandarin) permission to present letters from their respective Governments, they might be allowed to do so—and a routine announcement that the Emperor would go on a stated day to the Temple in question, for the purpose of granting audiences. The Mandarins who were present at the audience know of course that the barbarians were too ill-bred and too unruly to *kotow*, and that the Son of Heaven mercifully condoned their ignorance; but what can the great mass of Chinese infer from the Gazette utterances, but that the foreign envoys had been granted permission to humble themselves before the Solitary Man, in the same manner and place as other envoys had humbled themselves in all ages?

Greater in real, though less perhaps in nominal, importance than the events just sketched, have been the successes of Imperial arms in Yunnan and Kansuh. After years of independence under a Sultan of their own election, the Mahomedans of Yunnan were finally crushed by the capture of Talifoo, about the time of the Emperor's accession. Of course the city was taken by treachery; even in Europe a proverb exists that all is fair in love or war, and the Chinese push the axiom to an extreme. They much prefer diplomacy to fighting, and are adepts in the art of corruption. What is unfortunate is that some grains of humanity are not also latent their character. The accounts received in Burmah, of the capture and sack of Talifoo, describe a scene of massacre and pillage scarcely equalled by the deeds of the Jews upon the Amalekites.

And now, from the North-west, we have an account of the capture by Tso Tsungtang of the city of Suh-chow, which was the chief stronghold of the Mahomedans in the further half of Kansuh. Suh-chow is situated on the Tola river, just beyond the neck of land where Kansuh is nearly divided by the converging provinces of Mongolia and Kokonor. The account in the Peking Gazette speaks of hard fighting; and we accept the statement for what it may be worth. It also gives a description of butchery rivalling the achievements at Tali. "The troops," to quote from the Imperial decree, "massacred the Mussulman inhabitants down to the last man. Thus truly are Heaven's vengeance accomplished, and the feelings of humankind assuaged." It is strange how all people, of all religions, in all times, have been prone to claim the sympathy of Heaven in the slaughter of its creatures! The success is evidently thought much of at Peking, from the honours that have been showered on the successful general and his subordinates. It seems to show that the Mahomedan insurrection has been thoroughly quenched within the boundaries of China proper; and when we remember that, a few years ago, not only was Yunnan a Mussulman State, but Kansuh, Shensi and Shanse had been over-run by the Mahomedans in the Northwest, we may

well conceive that the Central Government finds reason for congratulating itself upon the present political position. Ten years ago, in fact, half of China was more or less out of hand. Now, Imperial authority is unchallenged in a single province. Kansuh, Yunnan, and Kweichow are not quite tranquillised, but the conditions of disturbance appear to have sunk from rebellion to brigandage. X

The young Emperor has not yet made any apparent mark ; and we may be quite sure that Court intrigue will do its best to restrain him from too vigorous personal action. A rumour has come down that he has once or twice emulated the nightly strolls which rendered Haroun Alraschid so famous and popular. Of course everything will be done to dissuade him. Courtiers prefer that monarchs should see through eyes not their own ; but the action indicates some energy of character, and leaves room for hope that he will be able to overcome the emollient influences that surround him. The most notable change which he has sanctioned, is the conveyance of Tribute rice by sea, in foreign-built steamers, instead of by the old Canal route. It is regrettable that the Canal should have fallen into such disrepair that the rice junks can actually not make their way throughout it ; but it is well to find the Emperor recognizing the superiority of steamers to the native junk, and creditable to his great Minister Li Hung-chang, by whose advice the change is introduced. // IV

It also speaks well for the young Emperor's intention, that he gave orders on his accession for reviving and restoring the efficiency of the public services ; but we fear the wish has been little effectual. It would require giant effort, in an able and vigorous man, to make an impression on the Augean stable of Chinese Officialdom ; and we can hardly expect much beyond intention, in a boy. If he, bye-and-bye, extend to the provinces the desire for personal inspection which he is reported to have shown in Peking, he may do much ; but it is to be feared that, in the meantime, the effect of his order will rather be to revive the obsolete and useless than to reform the bad. The active drilling of troops on the old method, which has been reported from Ningpo, Foochow and other places, illustrates our argument. In the meantime, as we said before, we can only give His Majesty credit for good intention, and hope that he will retain his energy when greater experience in life shall have enabled him to direct it more efficiently.

Foreign Relations
with China.

Foreign relations with China have been devoid of incident, except the audience had by the Foreign Ministers in June. That event had been elevated to considerable political importance by the sustained attention and effort concentrated upon it ; and we regret that its solution took place under circumstances so little calculated to achieve the object sought. What those circumstances were have been explained in our columns, so far as it has been given us to penetrate the mystery in which Peking delights to cower. What foreigners wanted was an

audience that should impress the Chinese people, and convince them that their Emperor had had to abandon the claim to universal supremacy accorded to him by Celestial conceit. What the Ministers obtained was an audience unobjectionable as regarded ceremony, but astutely shrouded by Chinese diplomats in a cloud of edicts and circumstances which could only persuade the Chinese people that an audience was being given, according to established custom, to tributary envoys. It is not surprising that the effect seems to have been null. The Emperor is said to have looked forward with interest to the event, and to have been favourably impressed with the aspect and bearing of the Envoys; but not a step of political gain is yet discernible.

Political matters have in fact been stagnant, throughout the year. Quietude is good in so far as it means peace; but stagnation represents excess, which is always to be deprecated; and stagnation has been the characteristic of Western diplomacy. Yet it cannot be claimed that foreign relations with China are on a footing so perfect that Ministers can afford to lie off in godlike ease, or to devote exclusive attention to the beauties of celestial literature. They tell us nothing; so have only themselves to thank if they are misrepresented. But a fairly accurate impression of what goes on does somehow get abroad; and the existent impression is decidedly not sympathetic or favourable towards the Capital. It is to the British Legation that we look most naturally for action, because British interests are incomparably the greatest in China, and the occupant of the British Legation is a more permanent resident than his colleagues and in a position therefore to carry out a policy with greater continuity and success. But of the British Legation we have heard nothing, except a hurried visit by Mr. Wade to the South in October, during which he flashed through Shanghai where he ought to reside three months in the year—and a visit by Mr. Mayers to the Governor of Kiangsi, which resulted in the issue by the latter of two proclamations† enjoining regard to transit passes and courteous treatment of foreign travellers. Kiangsi is the only province in the viceroyalty of the two Kiang where the Transit pass is still questioned; and the literati of its capital city hug the traditional hatred to the foreigner and render unsafe and unpleasant the endeavour to penetrate its classic precincts. Our readers will remember that Mr. Baber, of H. M. Consular service, long ago made the experiment—so long ago that the incident had almost passed from recollection, together with the hope that measures would be taken to punish the insults offered him. An ordinary Englishman tries to knock down a man who kicks him, he does not reflect a year before objecting to the insult; but anything so energetic would be inconsistent with the *li* so venerated at the British Embassy at Peking. Months, we had almost written years, are allowed to pass without a step being ostensibly taken, by Mr. Wade, to exact reparation for the insult offered

† Published in "N.-C. Herald" 25th December, 1873.

to his subordinate and delegate. Only now, at long length, is the matter doubled up with that of transit passes, and the Viceroy moved to issue proclamations enjoining better behaviour in both respects, on his subordinates and subjects, in future. On the tenor of these proclamations, we commented at the time of their issue. They are so much gained; but we fear whether they will have the full effect desired.

It has been often suggested, and we incline to give weight to the idea, that greater intimacy between foreign and native officials would lead to a better understanding than years of diplomatic intercourse. It is notorious how much more readily two men can come to an understanding in an hour's chat, than in a month's official correspondence; and the same would be true of diplomacy. Things can be said, that men hesitate to commit to writing; and the impression of sincerity is more easily conveyed by voice and look, than by ink and paper. If Consuls had some social intercourse with Taotais, and Ministers with Secretaries of State, we believe they would find the diplomatic road smoother. It might be a less dignified kind of intercourse, but would be more effectual. So far as we know, Mr. Burlingame is the only one among the Foreign Ministers who has followed that principle, and he undeniably succeeded in acquiring great influence. How he used that influence is another question.

The year has been unusually quiet too as regards missionary incidents. We have one sad murder to record, of a French missionary at Kienkiang, in Szechuen—a province which has gained an unenviable notoriety for its violent hostility; and just now a report comes from Shantung, of a Protestant Missionary having been stoned while preaching in the Chih-nieh district. But these are the only troubles we have heard of; and against them must be set Mr. Williamson's gratifying tour* through Shantung, and the satisfactory settlement of certain land difficulties by the American Missionaries in Hangchow.† We incline to share with Tseng-kwo-fan the opinion that Christian proselytism will have no great success in China; but intelligent missionaries do valuable work in diffusing knowledge, and convincing natives to whom the foreigner would otherwise be a strange animal, that he is not after all more barbarous than themselves.

The Government has taken no step towards improving communications, working mines, or in any way developing the resources of the country. Certain gentlemen in England, animated by a laudable desire to extend commerce and benefit the Chinese, agreed to subscribe a large sum to present a Railway to the Emperor. Meetings were held, speeches made, the money promised—and, it is believed, Mr. Wade was instructed by telegraph to ascertain whether the gift would be acceptable at Peking. Anyone having a knowledge of the Chinese could have saved these gentlemen a deal of trouble, by telling them at the outset what the reply

* v. "N.-C. Herald" December 11th, 1873.

† v. do. November 6th and Dec. 11th, 1873.

of the Chinese would be. Of course the informal proffer was declined. China will go in for railways some day ; but the idea of tempting her by a present of a £60,000 toy was somewhat ludicrous. It is not money that deters her, nor want of understanding what railways are ; it is want of energy, want of progressive spirit, hatred of innovation, and jealousy of foreign intrusion.

A native of Shanghai was commissioned by Li Hung-chang, in the spring, to take steps towards opening the coal mines at Nanking. Foreign skill might be engaged, but the undertaking was to be Chinese. The people were well satisfied, but the Nanking mandarins disliked the prospect of a Shanghai layman controlling a scheme in which they foresaw handsome pickings. They raised accordingly the usual cry of objection by the people ; the people, however, stoutly denied the imputation—and there we believe the matter rests. The steamers of the Chinese Merchants' Steamer Company, whose formation we chronicled last year, are buying imported coal, while rich untouched fields of the mineral lie on the very banks of the river on which they run. Truly the Chinese are a curious people.

The Government has apparently taken up seriously the question of the Grand Canal and the Yellow River ; but they ignore utterly the conservation of the Hwangpoo—a tiny stream by comparison, but one whose commerce yields them a direct Customs revenue of £1,000,000 a year. This river is silting up dangerously near the Foreign Settlements ; and the shallowness of its bar is a grave obstacle to the large steamers frequenting the port. A dredger would remedy all, but the Chinese of course will not move ; they never will ; and Foreign Ministers write platitudes, instead of insisting on their doing their duty. The Nanking mandarins say openly that the thing could be done if the Ministers took it properly in hand, but the Chinese don't care to do it of their own ; motion ; the river is quite big enough for junks ; and if foreign steamers couldn't enter it no one would lament. Yet river conservation is not unknown ; witness the works they have executed this year to improve the channel of the Han.‡

Neither will the officials recognise the existence of the Coast telegraph cable, so far as to legislate for its protection from the pilfering and malice of junks and fishing boats. Yet Chinese merchants use it largely, and even officials have not disdained its aid.

We must not omit to note the abolition of the Camp, at Feng Hwang-shan, which was established on the disbandment of Gordon's force after the extinction of the Taeping rebellion. This camp was intended partly as a protection to Shanghai, and partly as a school for the discipline of foreign troops. The drill masters, however, were never sufficiently identified with their men to secure the first object, and in the second capacity the Chinese appear not to have regarded it with affection. It was, in short, allowed to fall through.

‡ v. "N.-C. Herald" March 13th 1873.

A marked feature in the foreign relations of China has been the developement of Japanese intercourse. A treaty between the two countries was ratified in the beginning of the year—His Excellency Soyesima, the then Foreign Minister at Yeddo, being deputed as Ambassador for the double purpose of exchanging the ratifications and of joining the Foreign Ministers in claiming the right of Audience. He was eminently successful, and even established his own right of precedence as "Ambassador" over the Western "Envoys." He was treated with distinction at Peking, and received marked honor at Tientsin on his departure. Japan has established a complete Consular system in China, having a Consul-General at Foochow, and Consuls at the chief treaty ports.

General. Shanghai, with an annual maritime trade of 120,000,000 taels, ranks already as a great commercial mart. And those who hold with us that it is destined to come much greater, will agree that the most important question which has been discussed here during the past year, is the conservation of the Hwangpoo. It is beginning now to be understood that this river is peculiar in the shortness of its course, the extreme dulness of its current through an alluvial plain, and its consequent proneness to silt. This peculiarity, however, was ill-understood in the early days of the Settlement, and the fouling of the harbour by junk ballast and the encroachments of jetties and wharves has aided the natural tendency to deposit, till the channel is materially narrowed opposite the Foreign Settlements, and it is felt that remedial measures and careful conservation are both needed to prevent further serious deterioration. Public opinion has been powerfully awakened by the construction of a new wharf off the French Bund, on heavy wooden piles, which will inevitably cause an extension of the foreshore, destroy the curve of the Bund line which was being gradually worked out, and so cause material injury at a narrow portion of the channel. A meeting of Ratepayers on the French Concession condemned the scheme by a large majority, and requested the Consul-General to have the work stopped. The Municipal Councillors who had approved the project of course resigned, but the electors unfortunately seem then to have thought the battle over, and so neglected the new elections that the wharf party were able to re-elect the same members. The Municipal Council of the Anglo-American Concession also protested, in the interest of the river and of their bund line, against the encroachment; but the China Navigation Company, who are carrying out the work, had obtained the sanction of the Chinese authorities through H. M. Consul; and official delicacy seems to oppose some difficulty on this account, to interference. At any rate no action has been yet taken, despite the strong expression of feeling manifested and the evident injury that is being done to the vital interests of the Port. We trust, however, that the community will not yet acquiesce in the supineness of their official representatives.

While the river channel has been thus deteriorating above, grave inconvenience has been felt by large sea-going vessels from the shallow-

ness of the bar at its mouth. The balance of evidence seems to show that the bar also is silting; but whether or not that be the case, the present inconvenience to large steamers, and the ease with which it might be deepened, are certain. Two dredgers in fact could be usefully and constantly employed in conserving and improving the whole channel. The matter has been fruitlessly urged by the Chamber of Commerce on the attention of Foreign Ministers.

The prompt attention of the British and American Admirals to a representation by the Hongkong Chamber of Commerce, of the need for a re-survey of the China coast, is in refreshing contrast to this neglect. Admiral Shadwell transmitted the Chamber's request to the Admiralty, and was able recently to communicate a promise that the work should be undertaken during 1874. As a part of the scheme, the British Government have also promised to survey the approaches to the Yangtze during the year.—A direct application by the Chamber of Commerce to the Foreign Office, to have Shanghai constituted a Port of Registry for British ships, has been equally successful; details of the scheme are now being elaborated, and there is every prospect that it will be put in force early in the year.

The year has witnessed a gradual developement of steamer traffic on the Coast and Yangtze, and the establishment of a powerful English Company to contest with the S. S. N. the virtual monopoly so long enjoyed by the latter, of the traffic on the Great River. The China Navigation Company first bought up the ships and premises of the U. S. N. Co., and has supplemented them by the acquisition from England of several splendid new steamers specially built for the Yangtze trade. The U. S. N. Company, bought out of the Yangtze trade, turned their attention to the Coast of China, and are doing a business which would be more remunerative if they ran their own instead of chartered vessels. The Chinese Merchants' Steamer Company, started under the auspices of Li Hung-chang, Viceroy of Chihli, and composed entirely of Chinese Shareholders, has purchased several steamers and, backed by a heavy Imperial subsidy for the conveyance of tribute rice, can hardly fail to hold its own. It is managed by Mr. Tong Kin-sing, late Compradore to Jardine, Matheson, & Co., and present head of the Canton Guild. A new Company has been formed in London to compete with the Pacific Mail Steamers between China and San Francisco, and the first vessel of the line—the *Vasco de Gama*, has arrived in Hongkong and started on her voyage to California. The P. & O. still compel passengers and cargo to change three several times between China and Europe, to the inconvenience of their clients and the injury of their business; but we are glad to see that a movement is at last being made towards emulating the policy of their rivals. The Messageries Maritimes availed themselves of the Suez Canal from the outset, and owe greatly thereto their rapid growth in prosperity and favour.

The departure of Mr. Malet, who filled for a short time the post of chief Secretary at the British Legation, has been much regretted. He gave good promise during his short tenure of office; and it was hoped that the presence at Peking of a gentleman who had taken pains to visit and become acquainted with the treaty ports, might have a useful influence. There seemed a prospect, moreover, that he would some day be in charge of the Legation, and that something might be done during that interval. It is a compensation, however, that Mr. Wade has secured the services of one of the ablest members of the British Consular Service, as Chinese Secretary.

Mr. Geo. F. Seward has resumed charge of the United States Consulate-General at Shanghai, and M. Godeaux has been confirmed in the post of Consul-General for France. Mr. A. Dent has taken charge of the Portuguese Consulate, during Mr. Hanssen's absence in Europe, and Mr. Stronach has succeeded Mr. Alabaster as Vice-Consul for Great Britain.

Mr. Hart, the Inspector-General of Customs, has earned for China a reputation in Europe which her own Government would have had neither energy nor enterprise to secure, by causing her projects and manufactures to be largely represented at the Vienna Exhibition. Messrs. Bowra and Detring, who were deputed to Vienna as Commissioners of the China Department have received much courtesy, and everything has been done to encourage China on her first appearance—so to say—in the western world. But it is really not China it is Mr. Hart who deserves the honor and glory.

Among local matters we must not omit to note the acquisition by the community of the doubtful rights and shaky property of the Soochow Bridge Company, the removal alike of the old wooden bridge and of the iron ruin once destined to take its place, and the construction of a broad useful and free bridge between the English and Hongkew Settlements. The construction of another bridge opposite the end of Honan Road was sanctioned by the Ratepayers, when the free ferry bridge at the end of the Szechuen Road was to have been moved. But neither project has yet been touched. We fear in fact that the Council are recoiling almost too far from the rather lavish policy of their predecessors, and neglecting some necessary works—notably the metalling of roads—in the desire to accumulate a surplus.

The new building erected for the British Consulate, in the stead and on the site of that destroyed by fire in 1871, was opened in March. And a new theatre, in the stead of the old Lyceum burned in the same year, has also been built on an adjacent site. A new hospital is in course of construction in Shantung Road, on the site of the old building where Dr. Lockhart first worked and earned a reputation among the natives for Foreign medical skill, in 1847. The Chinese patients are accommodated in the meantime in the Lock hospital building, which has not yet been opened for its original purpose.

Japan. The almost feverish movement of Japan is in strong contrast to the stolid conservatism of China; and we fear the feeling generally expressed is true—that one strains forwards as much too hard as the other holds back. Great and useful progress has been made; improved means of communication and appliances for developing the resources of the country have been anxiously adopted; a new and more handy coinage has been instituted, to suit the requirements of foreign intercourse; efforts have been made to organise the national finances; embassies have been sent to the nations with which Japan has foreign relations—all necessary steps in the new career on which the country has embarked, and deserving of all praise. But not content with these enlightened and comprehensive measures, the Government has descended to a course of social legislation as unnecessary as foolish, and as irritating as unnecessary. It is not by sudden edict that national customs and modes of thought can be changed, but by gradual persuasion and example. And it says much for the strength of the Government, and the docility and submissiveness of the people, that edicts interfering with food, clothes, hair, furniture, and fifty other details of daily life, have passed without exciting violent opposition and uprising.

Uprisings there have been—caused, however, generally by more solid grievances. The projects of conscription; the change in the method of taxation from a contribution in kind to a money tax on the estimated value of land; the unsettlement of religious questions; the taxation of fisheries, and other measures excited riots of greater or less extent, in districts which one or other of these measures affected. The change in the calendar, the destruction of trees around sacred edifices, the slaughter of cattle, the removal of woods from the possession of the peasants to that of Government, and many minor complaints were also urged. The opposition seems to have come almost invariably from the agricultural classes, who are always the most conservative in every land; and their emotion at the virtual denationalisation of their country which the Government seemed to have undertaken, is not only not surprising but will excite some sympathy. Foreign visitors to Japan universally regret this destruction of national landmarks, this violent effacement of customs and conditions of life which were quaint, interesting and often picturesque. It was possible to introduce the principles which have made Western nations wealthy and enlightened, without rushing into a hurried external imitation. At the same time, the anxiety to emulate people whom they saw and acknowledged to be superior, speaks well for the pride and energy of the nation, and augurs well for its future. We see no reason why future generations should not perfect the new civilisation as cleverly as their ancestors had perfected the old.

It is a noteworthy feature, and argues well for the strength of the Government in its present career, that the Samurai class were almost always found on its side in the various collisions. Only in one or two instances—notably that of the Fukuoka riots near Nagasaki—did they

take cause with the insurgents. Yet it was from this class—turbulent from the nature of their profession, and likely to be irritated by the change in their condition—that serious danger might have been reasonably apprehended. The Commercial classes have all along been favourable to the new regime; and the Government seem also to command the sympathy of the great majority of the Daimios. For good or for evil then, we may assume that Japan is irretrievably launched on her new career; she has cut finally loose from old traditions, and committed herself and her future fortunes to the influence of new ideas, customs and teachings.

In making these changes, the Government have incurred heavy outlay which will tax severely, for some time to come, the resources of the State. One great financial burden is the annuities to the Daimios who were dispossessed of their lands by the revolution, and to the samurai whose claims on their lords were taken over together with the possessions of the latter. And we learn with interest, from the *Japan Mail*, that the object of the new loan of £2,400,000 contracted by the Government last year in London, was to extinguish these annuities by payments of ready money. "The claims were of a very burdensome nature, and, being claims in perpetuity, threatened to be a permanent charge, having the two-fold ill effect of a constant drain on the exchequer, and of retaining in idleness a large class of men, often of a superior order of intelligence, whose incomes, thus paid, sufficed only to maintain them in their accustomed position, but were insufficient to enable them to enter into mercantile or agricultural pursuits. In proposing, therefore, to extinguish these claims by the payment of a sum of ready money representing only a few years' purchase of their incomes, and to create an industrious out of an idle class, the Government made a move of great wisdom; and when it is further remembered that the high rate of interest in this country, varying as it does from a minimum of 12 per cent per annum to three per cent per month, renders the redemption of a perpetual annuity for a few years' purchase of its amount a very feasible operation, the wisdom of applying money borrowed at $7\frac{1}{2}$ per cent for this purpose is obvious." It is expected in fact to extinguish the hereditary incomes by the payment of six years, and life incomes by the payment of four years of their annual amount—half to be paid in cash and half in government bonds bearing 8 per cent interest. The wisdom of the operation on the part of Government is obvious; its fairness to the pensioners is another question. But the *Mail* seems to think they are satisfied, being tired of inactivity, and lacking resources to enter on commercial enterprise, which the payment of these capital sums will supply.

The hostility to Christianity has relaxed during the year; and the survivors of those Christians who had been deported from Nagasaki were allowed, last spring, to return to their homes. This implies a cessation of persecution; and it is evidently difficult for the Government to go

farther, in face of the strong national dislike to a religion which in former days has caused so much trouble and suffering.

We have already referred, in our sketch of Chinese politics, to the successful mission of Soyeshima to Peking, and to the favourable circumstances under which that minister had audience of the young Emperor. It is singular that the very success of his embassy led to his own fall from ministerial power. A chief object of his mission was to secure the punishment, by the Chinese Government, of those Formosans who had massacred the crews of certain Loochooan vessels which fate had cast upon the shore of Formosa. It was also whispered that he had instructions to confer with the Chinese Ministers for Foreign Affairs upon the unsatisfactory condition of the relations between Japan and Corea, and to ascertain the probable action of China in the event of an unfriendly solution of the questions pending between those two countries. What transpired on the latter subject is not clearly known, but it is believed that the Peking Government either promised itself to take action, or delegated to the Japanese Envoy full power, so far as it was concerned, to punish the Formosans for their misconduct. On his return to Japan, Soyeshima seems to have advocated a warlike policy in both directions—against both Formosa and Corea; but serious differences of opinion on the subject arose amongst Japanese statesmen, and eventually the ministry of which Soyeshima was a member broke up. Terashima, late Minister at London, succeeded him as Minister of Foreign Affairs, and Iwakura, the head of the late wandering Embassy to the West, took office as Prime Minister. The question, however, seems by no means yet settled. The feeling of the country is in favour of war with Corea; and the great Satsuma clan is said to be gravely dissatisfied with the present policy. Corea has been in the last degree insolent of late, in her bearing towards Japan, and the sudden retirement of Shimadzu Saburo from a post which he held at Yeddo, is regarded as significant of irritation at the refusal of Government to sanction an expedition for its punishment. A recent attempt to assassinate Iwakura is attributed to the same feeling of hostility to his peace policy.

It is said that the Japanese have been greatly disappointed that the late Embassy did not succeed in persuading Western Nations to abandon the extraterritorial clauses in their treaties. This, says the *Japan Mail*, is the darling project of Japanese statesmen and the highest pinnacle of Japanese ambition. "They had made elaborate preparations for the task it would entail. They had engaged lawyers to expound a great foreign code, jurists to adapt it to their national economy, and translators to render it into their language. They know how much the development of their internal resources depends on the employment of foreign capital, skill and knowledge, and they were anxious to utilize these. But they could not do so, or thought they could not, unless, or until, they could themselves adjust such differences as might arise between themselves and those they were anxious to employ; and the

refusal of this power was to the last degree unpalatable to them." Obviously, however, with all their progress, the Japanese are far yet from having established a system of laws or legal procedure offering sufficient guarantees for the equitable administration of justice, to induce foreigners to abandon this important provision.

A notable feature in Court life has been the frequent appearance in public of the Mikado and his Consort—a step which it was feared at first, even by foreigners, would tend to break down the more or less mythical respect felt by Eastern Nations for Sovereigns who have always screened themselves in the depths of a palace and surrounded themselves with a halo of semi-divinity. No ill effect seems, however, to have followed the change of practice. The Sovereigns have been everywhere greeted with loyalty and respect.

The arrival of an envoy from Peru, to discuss the *Maria Luz* question and to negotiate a treaty with Japan, resulted in the reference of the former question to the arbitration of Russia. The Governor of Macao also visited Yeddo towards the close of the year, and had audiences of the Mikado.

We have, we believe, now glanced at the most prominent features in the active whirl of Japanese politics during the twelve months. It would be well if the country would now give itself breathing time, for a space, while the progress entered on during the past few years is consolidated, and the people have time to become in some measure familiarised with the changes so rapidly forced upon them.

1874

Political. The leading incident of the past year has been the quarrel between China and Japan about Formosa. Some years ago, a Liuchuan junk was wrecked on the East Coast of Formosa, and the crew murdered by the natives. Japan claims sovereignty over the Liuchius, which were a more immediate dependency of Satsuma until the extinction of feudality during the late revolution; and the Satsuma clan were especially loud in their demand that the outrage should be punished. The cry was echoed by thousands of the military class, who were fretting for active employment; and the Japanese Government instructed its Ambassador to broach the matter at Peking in the Spring of 1873. There seems no doubt that the Chinese Government repudiated responsibility for the action of the Formosans, and that Japan intimated its intention, in that case, to take their punishment into its own hands. Accordingly, transports were bought and chartered, and an expedition was collected and sent; a landing was effected without difficulty, camps were created, roads made, various savage tribes were attacked, dispersed or subjugated, and—symptoms were further shown of an intention to colonize and retain sovereignty over the eastern half of the island. It is very doubtful whether the Chinese had seriously considered themselves sovereign over this part of Formosa, or whether they did not really consider their rule and responsibility ceased at the line separating their settlements from the uninhabited territory of the aborigines. To escape trouble themselves, therefore, and to throw upon Japan the onus of punishing the savages, had seemed to the Peking Government marvellously astute; but the tables appeared to be turning most unpleasantly when the interlopers threatened to occupy permanently lands over which they had disclaimed control, but which national pride would not allow them to see tamely occupied by others. Sharp jealousy was awakened at the prospect of a Japanese colony arising collaterally with their own. And the Fokkien Government, as more especially connected with Formosa, lost no time in requesting the intruders to withdraw, directly their avowed object had been attained. But the Japanese answer was clear. If you were sovereign in Formosa, you were responsible for the acts of your subjects; in denying responsibility you denied your territorial right, and can have nothing to object to the presence or proceedings of others.

It is needless to follow the course of negotiations, which assumed a more and more warlike aspect till, in the autumn, collision seemed inevitable. The Chinese had collected large forces at Taiwan and on the

mainland, while the Japanese had reinforcements available for despatch in case of final rupture. But, whatever may have been the wishes of the soldiery, there can be no doubt the two Governments were more or less afraid of each other, and anxious for peace. The question of withdrawal upon compensation was mooted—and entertained; but the Japanese demanded Tls. 5,000,000. The Chinese scouted the suggestion; and the two parties were on the verge of war—the suite of the Japanese embassy having actually left Peking, when the British Minister intervened and brought about a compromise. Japan eventually agreed to withdraw on a recognition by China that she had been right in her enterprise, and on receipt of Tls. 500,000, of which one-fifth as compensation for the murdered Liuchiuans and the remainder as payment for the buildings erected and roads made by them during their occupation; the Chinese further undertaking to keep the Formosans in order, for the future.*

Both parties have reason to be grateful to Mr. Wade for his share in bringing about this result. A war between China and Japan would not only have been a murderous and exhausting one, but would very probably have set loose the rebellious elements always present in Chinese society, and only recently chained down by the successful action of the Imperialist troops in various quarters of the Empire. Japan has still sufficient work to do in consolidating her new system, and advancing the reforms she has initiated, without the trouble and cost of a foreign war. Nor have Foreigners less reason for congratulation that such a contingency has been obviated; for trade would have been seriously disturbed and hindered, and mercantile interests proportionately hurt. The best proof that the settlement was a fair one, lies in the apparent fact that both nations are pleased. The Chinese consider they have gained their point in asserting their rule over Formosa; while the Japanese consider it a mark of triumph that they have extracted an indemnity from their opponent. The excitement seems now to have quite subsided, and the general opinion is that the incident is closed. The indemnity has been paid, and the island is evacuated.

The preparations made by either side during the somewhat angry negotiations, entailed large expense, and have been no doubt one cause of a loan recently negotiated by the Viceroy of Fokkien through the Hongkong and Shanghai Bank. The loan is the first which has been formally contracted by the Chinese Government in the public market, and is guaranteed on the revenues of the Maritime Customs; the interest is fixed at 8 per cent. It was issued at £95, at an exchange of 5s. 7d. to the tael, and rose at once to a slight premium.

That the Government of so vast a country, having within itself so great resources, should be obliged to borrow so small a sum, is a strong condemnation of the financial system against which we are perpetually

* For text of treaty see *North-China Herald*, 26th November, 1874.

protesting. Trade is crushed by excessive taxation ; its course is diverted by the oppressive levies of the inland Customs, and commerce is thus choked and languishes under the double difficulties of transit and exaction. A serious outbreak which occurred last year in the Taichow prefecture* gives one instance of the extent to which this blind policy has been driven. The efforts made of late years to suppress rebellion in various parts of the empire have no doubt caused immense outlay and embarrassed the Government finances ; but the means taken to get money have been the surest way of stopping its collection ; the sponge has been squeezed dry, and dissatisfaction is rife among the people. As we wrote in commenting on the Taichow émeute:—“China ought now to be entering on a long course of prosperity. A rebellion which destroyed in many districts nearly the whole of the population, and which has left to the successors of the former inhabitants a soil left fallow for years, and not populated to one-half the extent it could easily support—has been put down, yet trade refuses to answer to the call made on it. Produce there is in abundance, if only the people be permitted to make use of it. Yet, instead of prospering, they can only earn a precarious livelihood from a land in many ways overflowing with wealth. The people are everywhere oppressed, the interchange of commodities is rendered impossible by repressive exactions, and the natural growth of capital put a stop to by official interference. Such is the state of China at the close of 1874.”

Very evidently, China now wants rest to recover from the exhaustion caused by foreign wars and internal rebellions ; and, in face of this fact, we cannot but consider unwise her apparent purpose of trying to recover sway over the portions of Eastern Turkestan which have been lately constituted an independent kingdom under the Atalik Ghazee. These outlying dependencies have been always a source of weakness to her rather than of strength, and the effort to recover them will mean a waste of substance for the sake of shadowy power. The Viceroy Tso has been lately making wise efforts to reorganise Chinese administration over the recovered province of Kansuh, and the Peking Government would do well to restrain his efforts to that difficult task. There, as in Yunnan, large garrisons will still be needed ; but garrisons can be maintained at far less cost than standing armies, and garrisons will suffice in both cases to keep down and stamp out the embers of rebellion which still retain some spark of life.

Kweichow and Yunnan seem to be, in this respect, much in the same condition. Both are subjugated, but both are uneasy. Subdued, however, they are ; and the whole eighteen provinces seem to be, at the close of 1874, as tranquil as they ever have been or are likely to be until the whole system of Government is changed.

* See *N.-C. Herald*, Dec. 31st, 1874.

The principle of Foreign audiences, which was admitted in 1873, has continued to be recognised. What we wrote, however, in describing the first audience in our retrospect of that year, has been fully justified by documents subsequently brought to light. Not only were measures not then taken to establish clearly, in the eyes of the Chinese, the true position and power of foreigners, by affirming the equality of footing on which the audience had been claimed; but a description* of the incident was circulated in the inland provinces, having for its object to bring ridicule on foreigners and their representatives, in the eyes of all readers.

Our last retrospect chronicled the marriage of the young Emperor Tung-che, and his assumption of the reins of power. The present chapter would be bald, if we omitted reference to his death. The incident belongs, however, properly to the record of 1875, and will claim prominence when the close of the current year invites us to pen our annual sketch of the events it shall have witnessed. It would be out of place for us to do more, now, than refer to the "departure." At the close of 1874, Tung-che was still Emperor of China, though his illness was well known, and a decree of the 18th Dec. had constituted the Empresses Dowager regents, pending its duration. The year's history has not enabled Foreigners, nor, certainly, his own subjects in the provinces, to gain much insight into the young Emperor's character. It is difficult to trace the impress of individual will in the current routine orders that find utterance in the *Peking Gazette*. The only really personal actions with which we have been able to connect him, are his visit in the spring to the Imperial Tombs† and his petulant degradation of Prince Kung in the following September.‡ It is possible to connect both these incidents with the Chinese belief that His Majesty was intolerant of restraint, and anxious always, for good or evil, to break out from the palace walls; but such an attempt would be pure speculation, and out of place, therefore, in an article which is professedly a record rather than an essay. Suffice it to say that His Majesty is credited with various nocturnal excursions, and with occasional exhibitions of self-will that excited anxiety among his relatives—though whether the honest anxiety of advisers fearing for his welfare, or the terror of *maîtres du palais* dreading a master who showed energy and might some day wish to see with his own eyes, we have no sufficient evidence to judge. The Empresses Dowager appear to have retained the influence naturally acquired during their long regency; and we find the Emperor obediently reinstating Prince Kung, at their desire, after his little ebullition in September, and looking to them to govern his Empire when illness overtook him.

The growth and the developement of the Chinese mercantile marine has been one of the most marked incidents of his late Majesty's reign;

* Vide (*N.-C. Herald* July 4th, and *Times* August 17th, 1874.)

† *N.-C. Herald*, April 25th, 1874.

‡ *N.-C. Herald*, Sept. 19th, 1874.

the Chinese Merchants' Steam Navigation Company, laboriously created by Li Hung-chang, on the idea apparently—however distorted—of European mail services, has grown during the year in strength and influence. Largely subsidised by an extravagant grant for the conveyance of tribute rice, it is able to hold its own against foreign competition; and, however false the economy of the measure, however patent the intention to ruin foreign interests, one cannot help but admire the patriotic intent of the founder. Foreign steamers had destroyed the native junk trade; with foreign vessels should foreigners in turn be driven from the coast. The project may be romantic but certainly deserves the credit of boldness. The promoters seem to be at least earnest, for there is no doubt they intend adding largely to the number of their vessels.

The conclusion of a treaty with Peru is the only other political incident we recall, of note or interest. It is unnecessary to go over again, here, the oft trodden ground of coolie emigration, or to repeat that Western humanity would soon have exacted a complete stoppage of the traffic, had not the two nations concerned agreed on measures for its proper regulation. China sent a mission to South America and Cuba, to enquire into the actual condition of the emigrant, at the same time that Peru sent a mission to China to negotiate a treaty legalising emigration. Both objects have been accomplished. The Chinese Mission has returned, and Mr. Macpherson has gone to Peking to give, we presume, an account of his enquiry. The Peruvian envoy has negotiated a treaty which has been signed and ratified. It only remains for us to hope that China will exercise a real and careful protectorate over those of her subjects whom the very treaty she has concluded encourages to adventure themselves on Peruvian soil. The treaty will be worse than useless unless she have the will and the intention to see its provisions executed.

^{Foreign}
^{Relations.} We pass naturally from discussion of the Peruvian Treaty, to remark on the extinction of the coolie trade of Macao. Early in January, the Viscount de San Januario ordered that the so-called emigration of Chinese from that island, should cease with the following March; and we had the greatest gratification, three months later, in recording that the order had been enforced. The trade ceased absolutely on the day fixed, and one of the greatest blots on foreign relations with China was then extinguished. The Hongkong Government had previously passed an ordinance forbidding even the fitting out of emigrant ships in colonial waters, so that the ships hitherto engaged in the trade had no refuge. It was greatly owing to the influence of Great Britain that this result was attained, and it supplies at least one credit entry in the record of our political intercourse with China.

The Peruvian Treaty was one of the first consequences of the changed situation; the old easy trade being interrupted, Peru sought to legalise an emigration on which her prosperity so much depends; and we repeat our hope that both contracting parties will endeavour loyally to improve the condition of the emigrant. Emigration goes on to the British West Indies without trouble or aspersion, and there is no reason why emigration to South America should not be placed on a similar footing.

In other respects, the year has been very uneventful. Several foreign Ministers have had audience of the Emperor, on their first arrival at Peking; but the privilege has gone no further; and the Ministers appear to have acquiesced tacitly in the restriction. Even at the New Year, when, if ever, a ceremonial visit to a Sovereign should be paid, no such idea seems to have arisen. Visits were exchanged, as in former years, with the members of the Tsung Li-yamen, and the Emperor was left alone in his dignity.

Neither has this concession to the prejudices of the Court advanced our interests with the Government. Likin duties are exacted with an energy only known to Chinese officials when squeezing is in case. Transit passes are ignored with an indifference which the complaisance of our Ministers goes far to justify. In fact, there can be no doubt that, as pointed out by Mr. Seward in a recent able despatch to the Secretary of State at Washington, foreign prestige is suffering and foreign interests are languishing for want of vigour in our political relations. However little flattering may be the comment to our national pride, we cannot but endorse his verdict that "our representatives, failing to perceive how firmness may be mingled with moderation, and judgment with urgency, have drawn back from due responsibility, until the policy of England, for instance, has been emasculated to a pitiable degree." Hardly a voice in China fails to condemn the present conduct of this policy, and to yearn for a change from the deadly monotony by which it has been marked. And what has China done to justify this consideration? Let us again quote Mr. Seward's despatch:—

"I know of no highway in the empire which is in tolerable order. I know of few canals which are not utterly abandoned for any purposes of conservation or improvement. I know of no mines, of all those immensely rich ones possessed by the empire, that are worked to any appreciable extent. I know of no manufacturing establishments in which more than the members of a family are engaged. I see no disposition to introduce railroads and telegraphs. I find no adequate grappling with popular superstitions, such as those that precipitated the Tientsin massacre, and from time to time threaten the safety of foreigners at that and other points. I find petty officials here and there allowed to impose all kinds of extortions upon trade. I find the people debarred from opportunities for legitimate enterprise, and

“actively betaking themselves to opium as a means of dissipating the tedium of existence. I find the directions in which only progress has been made, for instance, the establishment of arsenals and navy-yards, the employment of foreigners in the Customs, and the education of a few youths in western ways, subject to the criticism that a lack of confidence in themselves and a fear of foreign arms have been the considerations which have led to these steps.”

The sketch is graphically true, and we cannot avoid the conclusion that we are throwing away our opportunities and that the time has come when Foreigners should take up a more positive attitude in the Empire. If China were in political difficulties, if she showed any inclination to progress of her own accord, if her rulers showed a desire to compel observance of the treaties by their subordinates—they would be entitled to consideration, and there would be reason for forbearance. But the case is diametrically opposite, and our policy correspondingly mistaken.

Although our political position is unsatisfactory, our relations with the people have been generally friendly. The old awe of the foreigner has greatly disappeared, but has been succeeded by the tolerance of habit. There have been collisions, but they have generally had special causes, and have not arisen from sheer dislike to foreign intrusion. There have been, as usual, missionary troubles; notably at Che-meh* in Shantung, and at Hoochow.† Both were eventually settled by negotiation. A serious riot also occurred in the French Concession at Shanghai,‡ through a dispute between the Ningpo guild and the French Council. The latter wished to lay out and metal a road which had been traced on an old plan of the Settlement, and which they contended therefore had been virtually reserved as Municipal property. The Chinese urged that the road would run through an old graveyard, and offered to give other adjacent land. The Council refused; much excitement arose, large crowds gathered about the Joss House, and eventually a collision with the police precipitated a riot. The mob burned and gutted a number of houses, maltreated several French persons, and were proceeding wildly with the work of destruction, when the Volunteers were called out and sailors were landed from the various men-of-war. At their approach the rioters scattered. A proclamation issued next day by the French Consul-General, terminated the difficulty by yielding the point at issue. M. Godeaux's action was severely criticised, and time has not altered popular opinion. The great majority of foreign residents favoured the Chinese view of the question at issue between the Guild and the Council; but every one condemned M. Godeaux's concession under mob pressure, as politically bad and a dangerous precedent. He acted, moreover, without the knowledge and in opposition to the wish of his colleagues, who were loyally standing

* *N.-C. Herald*, June 13th. † *N.-C. Herald*, Dec. 17th. ‡ *N.-C. Herald*, May 9th.

by him in his difficulty. The punishment of the rioters and the restoration of the damaged property should have been insisted on, as preliminary to any further negotiation.

An affair, trifling in itself, but which gathered some importance from the violent action of the Chefoo Taotai, occurred in connexion with the Lighthouse work on the Shantung Promontory.* Some dispute arose between the workmen and the country people; a foreigner in charge of the work was assaulted, and struck one of his assailants with the butt of a revolver, which went off and killed a man behind. The Chinese of course accused him of murder, and he was brought up for trial before H. M. Consul, in the presence of the Taotai. No sufficient evidence was forthcoming, and Mr. Lay acquitted the accused, when the Taotai was guilty of most unseemly violence, declaring at first, that no one should leave the Court till the judgment was altered. Mr. Lay, however, was quite equal to the occasion; the matter passed over, and the accused left Chefoo. He was subsequently re-arrested by the order of the Chief Judge, and tried but acquitted by a jury. We quote the case chiefly to record the impertinence in which the Chinese magistrate indulged. We can understand that, as it was clearly a bullet from the foreigner's pistol which caused death, he was to the Chinese mind guilty of murder. But no Chinese magistrate would have ventured ten years ago, to comport himself as did the Taotai of Chefoo towards a British Consul.

Riots have also occurred in Foochow, in connexion with the projected telegraph line from that city to Amoy. Sanctioned by the Local Authorities when war with Japan appeared imminent, and quick communication with Formosa was important, the work was thwarted directly that danger had passed. Unable to evade the sanction they had at first given, the officials seem to have got up the farce of popular opposition. Mobs, in which the presence of yamen runners was accused, attacked the workmen and destroyed certain property of the Telegraph Company. The neighbouring villagers subsequently disclaimed, to the Foreign Superintendent, any personal hostility to the project, the Elder expressing himself rather favourably to the undertaking, as providing remunerative work. It remains to be seen what action the Danish Government will take, and what assistance will be lent to its Minister by the Representatives of other powers, in the remonstrances which will necessarily have to be first made, at Peking.

Rumours got afloat at one time, of renewed agitation at Tientsin, and of an intended fresh outbreak against foreigners; but they probably originated in the uneasiness which preceded an émeute among Li Hung-chang's troops. It was felt that something was coming, but it was not known exactly what. The mutiny, when it did occur, was promptly quelled.

* *N.-C. Herald*, August 8th.

An idea gained ground in the early part of the year, that Ichang would be shortly opened to foreign steamers, but no symptom has yet appeared of any intention to make that concession. We should not be surprised to see the steamers of the C. M. S. N. Co. run there, with the declared object of bringing away tribute rice ; nor should we be surprised to see the innovation let pass, without a like a privilege being insisted on for foreign steamers.

No move has yet been made towards deepening the Woosung bar ; and the Inspector General of Customs is credited with the chief opposition to the measure. He believes that Shanghai is doomed to extinction, that foreign interests are moribund, and that Chinkeang is the port of the future, where only a few foreign agents will contrive to eke out a painful livelihood, while Chinese merchants flourish and the Chinese flag floats proudly in the ports of Liverpool and London. As we disagree with Mr. Hart, we still hope against hope that the Chinese will be some day made to do a work which no civilised nation would hesitate about. The Woosung bar wants dredging, and the Hwangpoo river wants dredging ; but only reasonable care and conservation are needed, to preserve the latter as the important channel of commerce it now is.

An attack on the steamer *Spark* during her voyage from Hongkong to Macao, proved that piracy is yet far from extinguished in the South, though it has apparently been rooted out from the Eastern coast. A number of pirates who went on board as passengers, rose during the trip and murdered all the foreigners on board except one, Mr. Mundy, who however was so badly injured that his recovery is surprising. A pirate junk then ranged up and took off the murderers and the valuable portion of the cargo. The Chinese engineers took the steamer into harbour. Active research led to the discovery of some criminals and some cargo, but the greater part seem to have escaped.—Mr. Mundy asked Lord Derby to claim compensation for him, from the Chinese Government, but was refused. And, in fact, we do not see just ground for the claim. The outrage was certainly perpetrated by Chinese, but it was not perpetrated on Chinese soil or under the Chinese flag. The steamer was a foreign one, and the Chinese Government might reply that it was the business of the foreign owner to take the necessary precautions for discipline and safety during the passage.

On the whole, the record of Foreign relations with China during the past year is an unsatisfactory one, though marked by no political incident of note. A sense of stagnation weighs upon us, and a feeling that the position and prestige which were conquered in 1859, and which should have been upheld and exalted by moral influence, are being rather let fall. The error of consenting to treat as equal a nation which is not our equal, becomes every year more apparent. One does not argue with children ; one reflects on what is best, and desires them to conform.

General. It would be an omission not to note the marked recognition which the Chinese have twice shown, during the year, of the growing influence of the Press. The first occasion was in connection with the famous Yang yeh-liu trial. Our readers will remember the brutal torture to which this man was subjected by the Che-hsien because he, an actor, dared to marry a Canton lady. Cantonese society was outraged, and the Che-hsien, also a Canton man, lent his willing aid to vindicate the proprieties. The girl was flogged for presuming to say she liked her husband. The husband was tortured to make him confess he had abducted his wife. It is unnecessary to recapitulate the tortures he was subjected to; nor to say that he was eventually sentenced to imprisonment and banishment. How could one actor resist the influence of the Cantonese Guild, backed by the sympathy and power of the Che-hsien? Suffice it to say that the whole procedure excited the indignation of the Northern Chinese, and that the *Shunpao* frankly and fearlessly echoed their opinion. The Che-hsien was furious at its strictures, and the Cantonmen threatened demolition of its office as among the mildest punishments to be incurred. Perhaps a conviction that any such effort would meet a dangerous opposition from foreigners, checked their ardour. An attempt was made, instead, to bring to bear on the Chinese writers of the *Shunpao*, the same pressure which had crushed the unhappy actor. But the editor of the *Shunpao* is an Englishman, and the English Consul threw the ægis of the Treaty over his employes. Mr. Major was responsible. If cause of complaint existed, they might sue Mr. Major in an English Court! The Cantonese wisely spared themselves the waste of time, and sought revenge in starting a rival paper, which was to extinguish the *Shunpao* utterly. The new journal, the *Wei-pao*, has distinguished itself by an insolent tone towards Foreigners, which appears to hurt them about as badly as its competition has hurt the *Shunpao*; and we believe the latter has rather benefitted by the rivalry.

The second instance to which we have alluded, of acknowledgment of newspaper influence, occurred in February*; when the Chinese merchants of Shanghai advertised, in the *Shunpao*, a petition to the Taotai against the extravagant Li-kin taxation, explaining that they did so in order that "the subject might gain publicity far and near." The petition itself is a striking instance of the discontent prevalent; and the recognition of the force of public opinion implied by the publication of the memorial, is noteworthy.

In connection with this subject, we may mention that a Reading-Room and Polytechnic Institution for Chinese has been got up, in Shanghai, and promises to have considerable success. The conception is, we believe, Mr. Medhurst's, and his energetic efforts to carry out the idea have been ably seconded by the committee.

A similar energy has also been thrown with success into the working of the Foreign Library. This venerable institution, which was almost condemned as moribund at the beginning of the year, has been revived and re-invigorated, and launched apparently on a new lease of life, greatly through the exertions of the Honorary Secretary, Mr. A. J. How.

* *N.-C. Herald*, Feb. 12th.

The Museum, which we have so often recommended as an addition to the Library, has become an accomplished fact, and promises to prove a great success. The numerous foreign sportsmen who make so frequent up-country excursions during the Shanghai winter, have contributed largely; and an interesting collection is being rapidly arranged.

From a Municipal point of view, the year has been quiet; without inaugurating any startling policy, the present Council have administered our affairs carefully and well. They have at last taken up the question of widening roads, on the importance of which we have so often insisted. Several improvements in this respect have been made, and we trust the policy will be energetically followed up.

Two important points were raised at the Ratepayers' annual meeting, and seem to have had less attention. The need for revision of the Land Regulations has been often urged, and is generally admitted. A committee was appointed for the purpose, in 1873, but did nothing. Another was appointed in May last, but seems to have been equally inactive during the past year. We have often said that the form of revision that is chiefly needed, is entire re-writing. Additions are wanted to the present code; but its great fault is obscurity, resulting from the patchwork manner in which it was compiled, altered and amended in Committee and at public meetings. The groundwork is good, if the meaning were clearly expressed; whatever additions are needed may be well noted in Committee; but the only way to attain to a satisfactory code, will be by handing over the whole thing to a man who can write lucid English, to remodel. The second matter to which we have referred, is proxy-voting. The principle that ratepayers who are present in Shanghai, but do not care to attend Ratepayers' annual meetings, may still be represented by proxy, has been objected to from the beginning, and has been found to work badly in practice. It is right that absent land-owners, whose interests are permanent, should be represented by their attorney; but it is not right that a man who is actually present in Shanghai, but is too indifferent to attend, should have the same privilege. A Ratepayer who is in Shanghai should be required to register his vote personally. A resolution in favour of this view was passed by a large majority at the last Ratepayers' meeting, and an able letter was subsequently addressed by Mr. Carter to the Treaty Consuls, setting forth the reasons for the resolution he had proposed. We have not yet heard that the Treaty Consuls have taken any action in the matter.

Another Municipal matter which has been much discussed, is the annoying presence of the Opium Guild runners in the Settlements. We have no sympathy with the opium trade, and would not interpose a word to prevent its extermination; but the exaction of petty taxes on a few balls of opium as they are moved from hulks to opium shops, neither will, nor is intended to have, any deterrent effect; it is a simple case of petty exaction; and it should be our policy to oppose stringently the levy of these petty taxes on trade within Municipal limits. Opium is not the only article so harrassed; and to admit opium tax-gatherers within our limits, is to admit an intrusion and an organisation that cannot be too

strongly condemned on principle. The limits of the Port should be at least identified with those of the Settlement. Foreign goods, of whatever description, do not pay import duty for the mere privilege of coming up the river; additional dues cannot in reason be exacted for the privilege of passing over 100 yards of road. Whatever right the Chinese may have to tax opium in its subsequent adventures, that right can hardly begin in the port itself—or the tariff rate had better be struck out of the Treaty. However, we are not writing to defend opium, but to protest against the innumerable exactions of which the Opium Guild runners are a type; and which, we contend, should not be allowed in our midst.

The Law business during the year has been considerable, as our records will show. But perhaps the only case of historical interest is the action entered by the Race Club against the Recreation Fund Trustees, to prevent the erection by the latter of any buildings within the interior of the Course. In an elaborate judgment*, which had the sympathy of the community, Sir Edmund Hornby sustained the Race Club in their objection.

Several new buildings have been erected during the past year—notably the handsome structure of the Hongkong and Shanghai Bank, which is nearly completed, on the site of Messrs. Turner and Co.'s old hong, on the Bund; and a new Chinese Hospital, which has been constructed on the site of the old one, in Shantung Road.

The usual talk has taken place about a Sanitarium, with the usual result. We seem to be no nearer having one now than when Messrs. Hanbury, Coghill, Henderson, and Cunningham first went to Pootoo in 1863, in search of a suitable site. As a matter of fact, there are any number of suitable sites. The Saddles, Pootoo, Chusan, would all answer the purpose well. But the thing will never be settled by committee reports. It could be settled at once by any person or any company who would establish an hotel on either of the islands, and make arrangements for transport. We suspect the real hitch is, that there is not sufficient demand to make such an establishment pay. The tide of summer emigration has set towards Chefoo; and an island hotel, depending as it would entirely on summer visitors, could not exist on half-support.

Another matter of prime importance, in which we regret that no steps have been taken, is that of harbour conservation. We pointed out last year, in protesting against the construction of the C. N. Co.'s wharf off the French Bund, how the course of a sluggish river had been interfered with, to the serious detriment of its channel; and how usefully a dredger could be employed in conserving the whole seaward course of the Hwangpoo, as well as dredging the Woosung bar. Not only, however, has the completion of this wharf been allowed, but no step has yet been taken towards defining the Bund line, as a protection against future encroachment, or applying machinery for the conservation of a deteriorating channel. What we think has to be realised, is that our river, although draining a large extent of country, has a force of current so slight as hardly to overcome any adventitious obstacle; and that it needs mechanical assistance to enable it

* *N.-C. Herald*, June 20th.

to hold its own in the face of the mechanical and natural difficulties that have been placed, and are often arising, in its way.

Various changes have taken place in the fortunes of the steamer companies running from this port. The year has witnessed the demise of the U. S. N., which had better have wound up its affairs than adventured on the coast, after it had been bought off the Yangtze. The new line which had been started to compete with the P. M. S. Co. for the trade between China and America, has also died, and its vessels are being run by its older rival. The China Merchants' Steamer Company thrives by the aid of its great subsidy; but the "Shanghai Steam" and "China Coast" Navigation Companies seem to hold their own against it notwithstanding, on the Northern line. On the River, it has not yet made any serious invasion; but the two great companies which now have the Yangtze virtually to themselves, may expect it to encroach more and more, and to cut down ordinary freights with one hand, while carrying "tribute-rice" at inflated rates with the other.

Japan. The chief incident in Japanese, as in Chinese, politics during the past year, has been the Formosan difficulty which so nearly plunged the two nations in war. We have already sketched the circumstances, in our review of Chinese politics, so it is unnecessary to recapitulate them here. What remains, to complete our record of the incident, is to note the condition of affairs in Japan which had influence in bringing on the quarrel.

The changes in the position of the Samurai, that ensued on the revolution effected in the Government, have been recorded in previous years. They had lost their prestige, and they were irritated by the scheme for the commutation of their incomes, which the condition of the State finances did not permit the Government to improve. To quote the words of the *Japan Mail*:—"The swords of many of them, the last relics of a waning prestige, had been pledged to afford temporary sustenance for their wives and children. The old homes had been broken up. One by one the small but cherished ornaments or necessaries of domestic life had been sold, and each fresh sacrifice renewed the bitterness caused by a revolution which was fast sweeping away privileges, all the more fondly clung to because they represented the spirit of a departing age." Their warlike instincts, too, had been aroused by the brief but sharp struggle of the civil war, and their patriotism was chafed by the insolence of Corea, and the injury done to their fellow-subjects, the Liuchiuans, in Formosa. War in either quarter afforded an opportunity for mending their condition, and an outlet for their excitement. We have, here, without doubt, an explanation of the pressure which urged the Government to follow up unsatisfactory negotiations at Peking, by the active step of an expedition to Formosa. Iwakura, who was one of the strongest advocates for peace, was assailed and narrowly escaped assassination in Yeddo. An insurrection, which occurred in February in the provinces of Hizen and Saga, went further to convince the Government that a great body of discontent existed, requiring either to be conciliated or permitted to explode elsewhere. It is not surprising that

the Government, urged forward by these facts, should have given way to the general desire to avenge the murder of the ship-wrecked Liuchiuan, and entertained the project of colonising the Eastern half of Formosa. We need not recapitulate the unsatisfactory negotiations at Peking, which seemed to countenance this course, nor the progress of the expedition which eventually left Nagasaki either in spite, or in an advance, of a counter-order dictated at the last moment by apprehension of the complications with China, which the scheme might entail. The troops landed in Formosa, subdued the guilty tribe, and were preparing to carry out the ulterior object, when China roused herself to the point of demanding their withdrawal. How nearly war ensued, and how war was averted by the good offices of the British Minister, is a matter of record. The Japanese bore themselves firmly throughout, and retired at length under a convention which tacitly admitted that they had been right in the enterprise they undertook. Japan agreed to evacuate Formosan territory on the payment by China of Tls. 500,000, the estimated value of works and barracks constructed in the island, and her guarantee to provide for the future security of the Formosan coast.

It is likely that the Government gained strength at home from the vigour of its action abroad. That it is gaining strength and solidity, seems at any rate to be unquestioned. Popular it is not; taxes are heavy, and the infinity of new regulations that have issued in pursuance of the new order of things, still harrass the people. To quote again from an able review of the subject in the *Japan Mail*:—"The spirit of centralization is too strong. The blood is, as it were, all demanded for the service of the brain; the other organs and the limbs have not their fair share of it, and thus they decline in strength and vigour. To give one instance: The roads in olden times were maintained by the Daimios out of their revenues; now these revenues are paid into the central treasury, and are diverted towards the general purposes of government. But roads have largely fallen into disrepair; every year they become worse; and this causes great complaint. The unpopularity of the Government is witnessed by the undoubted fact that the lower orders of people in the provinces of Saga and Hizen strongly sympathized with the insurgents in the late rebellion, and this is attributable to excessive taxation, together with a disposition on the part of the State to interfere irritatingly and unceasingly with the habits and customs of the people." But there seems no doubt that much of the disaffection which existed in the Empire at the time of the Saga outbreak, has since disappeared, and it may be hoped that the existing uneasiness will gradually subside as things gradually shake into their new places. The changes which have been effected in Japan, in so short a time, are sufficiently astounding. To expect that all these should happen without causing uneasiness and dissatisfaction, would be to expect preternatural wisdom in the rulers and preternatural resignation in the governed.

There is ample room for hope that, with patience on both sides, existing evils will be remedied, and scope given to the new institutions which have been so suddenly adopted. That the changes have been too rapid, few will question. That many of the changes have been unwise—

savouring rather of imitation than emulation—admits of equally little doubt. What has surprised foreigners is, that those changes have been so tacitly acquiesced in by the people. But this very acquiescence gives assurance that a nation which had worked out a high civilisation of its own, will eventually adapt itself intelligently to the new order which it is now endeavouring to copy. Progress has been made in the construction of railways, and in extending the means of education. A desire for representative institutions seems to be gathering strength, and is likely soon to find expression. The attempts which have been previously made in this direction failed; but it was hardly likely that a model Parliamentary Government could be suddenly established in the place of a strong feudal system. It took centuries, in Europe, to effect the change; that Japan should experience difficulty in trying to make the change in a decade, is scarcely surprising.

To sum up, in the words of the *Mail* review:—"The year closes somewhat gloomily, for the commercial embarrassments among the Japanese are serious, and it may be some time before they are surmounted. But it must be said that the advance made by the country during this period is certain and indisputable. Those who fail to recognize this at some moment of special discouragement—and there are many such moments—should look back to its condition five years ago, when it was just emerging from the weakness consequent on the Revolution. It is idle to draw the two pictures. The contrast must be patent to every honest mind. But the clearing of the land prior to sowing the new crop, is hard and thankless work. Abundant hindrances are visible in all directions, and abundant errors are made both by overseers and workmen. Yet as the task progresses, the new crop springs up, and effaces the recollection of toil, and mistakes, and previous disappointments. If the Japanese are too often dilatory, capricious and uncertain, and betray inherent faults which can hardly be eradicated without a change in their whole nature, the foreign critic has his own errors, and should learn from these by how dim a light he walks in his attempts to judge truly, and with the generous consideration we all demand for our own shortcomings, the steps of a career so unexampled as that on which the people of this Empire have now entered."

1875.

Political. The past year has been an eventful one in Chinese politics, both domestic and foreign, and its close leaves more than one serious question that has arisen in its course, still pending.

The death of the Emperor Tungche, on the 13th January, was the first incident of note. There seems to be some doubt as to the exact nature of his illness; but small-pox was officially announced, and we need not be too curious as to the truth of the diagnosis. He had only been married in the spring of 1873, and his Consort was pregnant at the time of his decease. The absence of a direct heir seemed likely at one time to entail dispute, if not conflict, about the succession. There were several candidates whose claims could be urged with almost equal plausibility; and the question was, whether the Imperial clan and the great nobles of the Court would be able to agree upon a choice. Two cousins of the late Emperor, sons of the Princes Tun and Kung, seemed to hold a foremost rank; and the infant son of a prince named Tsai-che, who was adopted as heir by the late Emperor Hienfung when still childless, but whose claims were subsequently extinguished by the birth of a son (the late Emperor), was also named. Then there was a possibility that the rival claimants might all agree to await the birth of the Emperor's posthumous child. But the Empresses Dowager (widows of Hienfung) upset all calculations, and brought in an outsider whose election secured to them a new lease of power. They caused the choice to fall on a son of Prince Chun, an elder brother of the Emperor Hienfung, whom they adopted on their own and their late husband's behalf, and thus caused to ascend the throne as a son of Hienfung.

It will be seen that the young Empress Ah-lu-tê, who would have been the natural Regent during the minority of her husband's successor, had the choice fallen on a child of a younger generation, was completely effaced by this arrangement; and it was reported at the time that she had committed suicide in disgust. The rumour was premature; but she died in a short while—it was alleged of her own act, by continued refusal of food—and with her the child who might have become a centre of intrigue. In the meantime, the boy who had been pitched upon as the instrument of the Empresses' ambition, was proclaimed and quietly accepted under the title of Kwangsü. There were rumours, for some time, of material dissatisfaction with the programme so energetically enforced; but they died out, and no whisper is now heard of objection to the new régime. The whole incident inspired a series of edicts and memorials, which will be found in the volume of translations of the *Peking Gazette*, and deserve perusal, as well for the quaint beauty of the language as for the interest of the transactions they describe.

One curious indication of the intrigues that had been going on, was a collision between the Empresses Regent and the Palace eunuchs. What was the extent of their offence can only be surmised from the circumstances of the time. It may have been that they pandered to the vices in which the late Emperor is said to have been proficient. It may have been that they took the opportunity of his death to indulge in political intrigue. At any rate, they incurred the heavy wrath of the Regents, and two of their chiefs were banished to the Amoor, to be given as slaves to the soldiery, while four others were sentenced to be flogged and set to work as grass-cutters in the Imperial park.

Before the turmoil of ceremony and intrigue consequent upon the death of the Emperor and his Consort, and the accession of Kwangsü, was well ended, came news of the outrage in Yünnan, for which England is still awaiting reparation, and which has still not been investigated, ten months after the occurrence. But the incidents of Mr. Margary's murder, and the negotiations to which it gave rise, belong more correctly to the history of foreign relations with China. It will suffice to say that the hesitation of the Peking Cabinet to afford reparation for this cruel outrage, nearly led on two occasions to the withdrawal of the British Minister from Peking; and that the maintenance of good relations still depends on the effectual punishment of the crime and its instigators.

The opening to trade of the Western frontier, which was the object of Mr. Margary's journey, will probably be expedited by his untimely death. The Western frontier of China has been hitherto guarded with the jealousy that two wars have imperfectly broken through, on the East; and events showed that, in maintaining this reserve, her rulers were in perfect accord with Burmah, which drew close to China during the excitement that followed the crime. The despatch of tribute to Peking, which had been for some time suspended, was resumed; and the King declared himself, in terms of abject flattery, the vassal of the Dragon Throne.

The treaty negotiated last year with Peru, was ratified in August; and the incident gave rise to a protest in the *N.-C. Herald*, against the position arrogated by Li Hung-chang at Tientsin. The existence there of a Commissioner of Foreign Affairs, who could interpose himself as a buffer between Foreign Envoys and the Central Government, is in itself objectionable; and Li's high rank and prestige have enabled him to arrogate functions that trench on those of the Tsung-li Yamên itself. This was apparent in the case of Dr. Elmore, who was impeded by Li, in his journey to Peking, by preposterous demands for personal security for the observance of the Peruvian treaty; and in the case of Mr. Wade, who spent a month at Tientsin arranging with Li terms of settlement of the Yünnan outrage, which were shunned by the Peking Government, and had to be fought over again where they should have been first mooted.

Turkestan has been another source of anxiety and of great expenditure, to China, during the past twelve months. Not content with quelling the rebellion in Shensi and Kansuh, the Peking Government desired to reduce the Mahomedan tribes beyond the Wall, and to reconquer the revolted provinces of Turkestan which have been welded into a

kingdom by the Ataligh Ghazee, Yacoob Khan. These further efforts, however, have been unsuccessful. It is said that Tso Tsung-tang, the Viceroy of these North-west provinces, has lost 90,000 of the 130,000 troops who have been sent to him since the outbreak, there, of the Mahomedan rebellion; and that 12,000 of the remainder have been arrested by the Toonganie horsemen on their way to Khoten, and are practically surrounded and destitute of supplies, in the middle of the Great Desert. Tso himself, with only 25,000 or 30,000 men remaining to garrison the frontier, cannot send reinforcements, and the force may be given up as lost. Cold, want, and their active enemies will kill them before Spring can permit the despatch of more troops to the scene of action. It has been obvious, from the commencement, that China was in no condition to attempt the reduction of Kashgar; and the attempt has been fertile in embarrassment and disaster.

There can be no doubt the drain of supplies to the North-west has combined, with the great outlay on arms, forts, and ships, to cause the financial embarrassment which is disclosed in memorials from every quarter of the Empire. Governor after Governor memorialises that his exchequer is in debt, that the yield of taxation is declining; and the Viceroy of Szechuen has lately pointed to the last recognised resort in time of war—a forced contribution from the gentry,—in time of peace, as the only means that would enable him to meet the demands upon his treasury. And the harm does not end with the immediate requirements of the Government. Extraordinary taxes open the door to extraordinary speculation on the part of the officials upon whom devolves the collection. A Government urgently needing Tls. 1,000 in excess of the regular revenue, does not look too closely whether an extra hundred be not collected and retained in the hands through which the thousand must pass. One thing, however, is evident, that the possible limit of taxation has been reached, and that new imposts serve only to decrease revenue by choking trade. The complaint is rife not only where articles of foreign commerce are concerned, but is apparent as well in the effect upon purely native trade.

With all this on their hands, however, it is said that Chinese Statesmen are contemplating the possible necessity of sending troops to Corea, to resist an invasion by Japan. The bad feeling which has long existed between these two countries seems at length to have reached the point of explosion, in an insult offered by the former in firing on the Japanese gunboat *Unyokan*, while the latter was surveying in Corean waters. The commander landed his men and destroyed the battery; but the punishment appears insufficient to allay the public irritation in Japan, and the recent despatch of Mr. Mori as ambassador to Peking, is believed to have connexion with Corean affairs. Japan naturally wants to enlist Chinese influence in persuading the Coreans to alter their bearing, or to avert Chinese aid from them, in case satisfaction cannot be obtained otherwise than by war.

Internally the Empire has been peace, and Li Hung-chang's scheme for driving off foreign trade from the coast, by fighting it peacefully with its own weapons, is in active work. The Chinese Merchants' Steam Navigation Co. have increased their fleet during the year, by several

good steamers from England, and others are in course of construction. That they injure Foreign Steamer Companies by the competition their heavy subsidy enables them to maintain, is certain; but whether even that subsidy enables them to work remuneratively to themselves is a debated question. They declared a 15 per cent. dividend according to last accounts; but experts blame the form of the accounts; and say that a careful revision could be made to show a very different result. Time only will show the extent of the Government support upon which the Company can rely, and whether it is destined to expand or collapse. Whether the scheme of killing the foreign carrying trade can be effected is, perhaps, a question of millions. So far, the competition has not prevented foreign-owned vessels from earning remunerative though lower freights. Whether the competition shall be made more severe, and more extensive, simply depends upon the willingness and ability of the promoters to waste more money on the object. The scheme is a grand one, in a sense, but in this nineteenth century seems a little too much behind the age to be practicable.

In curious contrast to the complete accounts which have been published, of Japanese proceedings in Formosa, are the confused rumours which, only, have reached us, of Chinese doings in the island. A large number of troops were sent over on the withdrawal of the Japanese, with the ostensible object of reducing the savage tribes, and enforcing the authority which it had occurred to the Chinese Government rather tardily to claim. Of what they did, we know next to nothing. Rumours found their way, from time to time, to Foochow, of hostile encounters, in which the Aborigines were reported successful quite as frequently as their opponents. On the other hand, the Chinese Commander is said to have made some roads, and to have established some sort of authority in certain of the districts. At the recommendation of Shen Pao-chên, the Imperial Commissioner for Formosan affairs, some organisation of the country was effected, some wise edicts were issued, and the Futai of Fohkien was ordered to take up his residence in the island for its better governance. The then incumbent of the post crossed over accordingly, but returned last month, to die. The majority of the Chinese troops withdrew in the summer, and passed through Shanghai on their way back to the districts north of the Yangtze, from which they had been drawn.

The Chinese Government contracted a second loan, in the spring, of similar amount to the first, but this time by private negotiation. Tls. 1,000,000 were lent by Messrs. Jardine, Matheson & Co., and Tls. 2,000,000 by the Oriental Bank, at 10 per cent. No scrip was offered on the market.

A series of important memorials* on foreign affairs and other questions of state policy, addressed to the Throne by the Chief Mandarins of the Empire, found publicity in August last. Chief among the subjects advocated, were the appointment of Ministers to Foreign countries, and that measures should be taken to select and train officials who might be utilised in foreign matters when needed. The purport of the memorials was that it was clearly time for China to relax her policy of concentration within herself, and to take some note of what was going on around her.

* "N.-C. H." Aug. 7.

The views expressed were in many cases intelligent, and if given practical effect would afford some hope of progress; but we have been so often deluded by promises of the kind, that we suspend belief until we see the proposals take more active shape.

Foreign Relations. The murder of Mr. Margary in Yünnan and the attack on Colonel Browne's expedition, stand first in order of time as well as importance, among the incidents of foreign intercourse during the past year. In the beginning of August, 1874, Mr. Margary received instructions from H.M. Minister at Peking, to proceed overland to Yünnan, and to join at Bhamo an expeditionary party under Col. Horace Browne, which was coming from Rangoon to explore the trade routes between Burmah and Yünnan. The expedition was undertaken with the full cognisance of the Chinese Government, and both Mr. Margary and Colonel Browne had Imperial passports. Mr. Margary also bore despatches from the Tsung-li Yamên, explaining the object of his journey, and requiring that he should be treated with consideration. These instructions were obeyed, and his passport implicitly respected, on the outward journey. He succeeded in traversing China without hindrance, and joined Colonel Browne at Bhamo on the 26th January.

Encouraged to believe that their own journey would be similarly facilitated, the party—composed of Colonel Browne, Dr. Anderson, and Mr. Fforde of the Indian Service; and Messrs. Allen and Margary of H.M. Consular Service in China, with a body-guard of fifteen Sikhs, besides 150 soldiers of the King of Burmah, who were to escort them to the frontier—set out on their journey of exploration, about the 15th of February. On the 17th, as they reached the fourth of the guard-houses built by the Burmese Government near the frontier, reports of trouble ahead began to reach them; travellers coming from Momein stating that a force of 400 Chinese were assembled to dispute their passage at Manwein. The report was disbelieved; but it was determined that Margary should ride on to see if the road was clear, on the understanding that he would push on to Manwein if all were well, and await the coming of the party, but return at once if he saw signs of trouble. He accordingly started on the morning of the 19th, with his writer and four servants, but was unopposed, and wrote back in the evening to say that the road was perfectly clear, and that he was going to press on to Manwein. Rumours of trouble, however, continued to meet the main party, and on the morning of the 22nd came a report that Margary and all his servants had been murdered, and that 3,000 Chinese were advancing to attack them. The appearance of Chinese soldiers on the neighbouring heights soon confirmed the rumour, and dispositions were quickly made for defence. A spirited sketch of the fight which ensued was given in the *N.-C. Herald* of the 8th May. It must suffice, here, to say that the Chinese were completely repulsed with some loss, and that the foreign party succeeded in making good its retreat to Bhamo.

Reliable information reached them *en route*, of the murder of Margary and his servants in Manwein. The exact manner of his death is not yet clearly ascertained. It was at first stated that he was murdered in the official yamên, then that he was speared in the temple in which he was

residing ; but more lately, again, the first report has been revived on the testimony of persons coming from Yünnan, who affirm that he was seized and beheaded at an official banquet. Only his cook, who chanced to be out in the town making purchases at the time, escaped, and succeeded in making his way to Hankow. The testimony of Burmese who were residing in Manwein, is clear that he was killed by order of officials who came down with troops on the previous night from Momein, and "not by local Shans or Chinese." The same witnesses affirmed that the heads of Mr. Margary and of the Chinese who were killed, were taken up to Momein (Teng Yüeh chow), and there exposed on the walls of the town.

News of the outrage reached Peking at the end of March, and H.B.M.'s Minister at once took the matter strongly up, insisting on the despatch of a powerful British and Chinese Commission, to investigate the occurrence ; and on a guarantee that no one accused of participating in the crime should be sentenced till the officers sent had an opportunity of investigating the evidence. A threat of hauling down his flag induced compliance with the request. Li Han-chang (Viceroy of the Two Hu) was nominated a Special Commissioner ; and passports were given for the British officers to accompany him on his mission of enquiry. Mr. Wade then came to Shanghai for the purpose of communicating with his Government by telegraph, and to meet Colonel Browne, who had been directed to come on from India for the purpose of communicating with him. His Excellency took the opportunity also of visiting Hankow in company with Admiral Ryder, in H. M. S. *Vigilant*, and to have an interview with Li Han-chang, at his provincial capital.

A long interval now elapsed without any apparent progress towards the exaction of reparation, and the delay in pressing matters to an issue was severely criticised by the Foreign community, who apprehended that the Yünnan Mandarins would take advantage of the interval to efface as far as possible evidence of the crime. It was true they could not get rid of the facts, but a very reasonable fear was entertained that they might remove the officials more immediately concerned, instruct the people, concoct a story, and arrange matters generally so as to make the task of investigation more difficult. In the meantime, news came from Peking that a memorial regarding the outrage had been received from the Governor of Yünnan ; and people were amused to learn that he averred entire ignorance of the matter, and declared the first intimation of it reached him from Peking—a tale which went to confirm the general impression as to the line of excuse which the Chinese would take. All such acts have invariably been attributed to popular outbreak, and in this case, as at Tientsin, the suggestion of official complicity would of course be equally repelled.

At length, on the 19th June, there appeared in the *Peking Gazette* a notification that Li Han-chang had been appointed to proceed to Yünnan, "to enquire into and settle a certain affair which had occurred in that province;" without departure, however, as yet from the careful rule of never mentioning foreigners or foreign politics in that publication. No indication was given, of what was the special affair that called for so high an appointment. At the same time news began to come from Yünnan, of preparations to resist invasion ; and troops were reported to be marching

both from Kwangsi and Szechuen towards the scene of the outrage. At the same time, also, came a rumour of a secret memorial from the Governor, taking credit for having effectually checked the British party, and undertaking to hold the frontier inviolate against all comers—a report which met with ready credence, as likely to express very sincerely the real facts and ideas of the Governor, if not of officials higher than he who had suggested the course pursued.

Eventually, in the beginning of August, Mr. Wade returned to Tientsin, with the purpose, it was understood, of pressing certain definite terms of settlement on the Chinese Government; and news of some conclusion being come to, was anxiously looked for. His Excellency delayed nearly a month at Tientsin, negotiating with Li Hung-chang, who was apparently regarded as a plenipotentiary in the matter; and the discretion of this procedure instead of at once going to Peking, was somewhat keenly questioned. A report came down early in September, that a substantial settlement had been come to, on the following basis:—China to send a special Ambassador to England; to punish those guilty in connexion with the Yünnan outrage; to give an indemnity for Margary's murder; to open a trade route between Yünnan and Burmah; to regulate the levy of *lekin* taxes; and to admit intercourse between the British Minister and the recognised State Departments other than the Tsung-li Yamên. But very shortly after, came news that the Government shunned fulfilment of those terms, and that they had to be fought over again at Peking. Whether Mr. Wade considered that he was really dealing with a Plenipotentiary who had power to conclude a convention, and was disappointed in this expectation; or whether he deemed it wise to arrive at a basis of agreement with Li, as a high and influential Minister of State, we shall have to await the appearance of the Blue Book to decide. It seems unlikely that any other than the first consideration can have determined him to spend valuable time at Tientsin. However this may be, he proceeded to Peking on the 8th September; and the first news after his arrival was of grave disinclination on the part of the Chinese, to yield the terms required. The punishment of the Yünnan officials, and the publication of matters relating to Foreign intercourse in general, and to the Yünnan outrage in particular, were held to be the special sources of difficulty; and late in September news was received that Mr. Wade had threatened to withdraw from Peking on the 30th of the month, unless a satisfactory settlement was conceded. This was the turning point.

Convinced that the British Minister was in earnest, the Chinese seem to have shrunk before the contingency of war; and yielded eventually at all points, though contesting each as they retreated. It is believed that the advice of Li Hung-chang, who was visiting Peking at the time, to take part in the Imperial obsequies, contributed materially to influence their decision. On the 4th Oct., we learned that an edict* had been published in the *Peking Gazette* conceding intercourse with the Great Departments of State; and on the 13th, that matters were in a fair way to a settlement, and that Messrs. Grosvenor and Baber, the British Officials named to accompany the Mission of enquiry, were likely to set

* "N.-C. H." Oct. 7th.

out shortly for Yünnan. Five days later we knew that an edict† had been published in the *Gazette*, referring to Mr. Margary's murder, declaring the right of foreigners to travel in the interior, and requiring Officials to take cognizance of the provisions of the treaty in this regard. The appointment‡ of Kwo Sung-tao, then provincial judge of Fohkien, and a Mandarin of unexceptionable rank and antecedents, to go as Ambassador to England, had been previously announced; and it was understood that the punishment of the Yünnan officials guilty of instigating or conniving at Margary's murder, and the opening of the trade route contemplated in his expedition, were promised. The danger of war was now said to be averted; and Mr. Wade came down to Shanghai, where he caused to be published a letter explaining the position he had taken in regard to *lekin* taxation. The ground originally reported to have been arranged with Li Hnng-chang at Tientsin was thus substantially covered.

Our present object is to simply give a concise record of events as they happened; and it would be out of place, therefore, to repeat or comment on the criticisms which were passed on these terms. They were variously regarded, as people esteemed or depreciated the value of the edicts which constituted a leading feature. The great complaint was that nothing tangible had been attained. All was in the future; eight months after the event, no step had yet been practically taken to bring Margary's murderers to punishment, the value of the edicts remained to be proved, and the report which the Chinese Government promised to have drawn up, regarding the incidence of *lekin* taxation, put off all prospect of redress into the far future. Time will best show the value of the convention, and the wisdom of the criticisms.

The next fact we have to record, is the despatch of Messrs. Grosvenor, Davenport, and Baber to Yünnan, to join Li Han-chang, who had left at the end of August for the scene of the enquiry. They left Hankow on the 5th October, and reached Shasi on the 25th Nov., Ichang on the 1st Dec.; and Kweichow-fu on the 13th Dec., up to which date all was well. They had been carefully escorted, and had met with courtesy and attention. Li Han-chang and his colleagues arrived in Yünnan-foo on the 13th November, and took immediate steps to provide themselves and their Imperial Master with a theory of the outrage based on the stereotyped pleas of lawless vagabonds, spontaneous uprising of the people, and incapacity of the officials to restrain their subjects. At the same time, the neglect of the Prefect to exercise this control, and the failure of the Brigadier commanding the district to take cognizance of the occurrence, or arrest those concerned in it, were admitted; and an edict§ was published in the *Gazette* of the 9th Decr., degrading both temporarily from their posts, with a view to their examination.

Here the matter now stands. It remains to be seen whether the Chinese hope seriously to palm off upon the British Minister, a tale which requires him to believe the officials were ignorant and quiescent, amid such events as a spontaneous assembly of the militia, and the robbery and plunder of a British official within the very walls of Manwein; or whether they purpose that Li Han-chang shall discover traces of a conspiracy as the enquiry proceeds. In the meantime, this

† "N.-C. H." Oct. 21st.

‡ "N.-C. H." Sept. 25th.

§ "N.-C. H." 6th Jan., '76.

first memorial does not promise well for a satisfactory solution of the difficulty, and it is said to have been received with much dissatisfaction at the British Legation.

The excessive taxation of trade is a matter that has come up for discussion frequently and prominently during the year; and even the long-suffering Chinese have on two occasions been driven into flat rebellion against the excessive demands of their mandarins.

The first instance was at Tientsin, where, on the 8th March, the Customs Taotai issued a proclamation,* laying down certain stringent rules for the taxation of native produce, which the Chinese merchants refused flatly to obey. Whether or not he intended to include foreign imports in the category, is difficult to determine. The native merchants affirmed that he did; and all shipments of foreign goods from Shanghai northward were for a time suspended. The Taotai, however, emphatically denied the intention, both orally to the foreign Consuls, and by proclamation. There was no distinct evidence on either side, unless the proclamation were accepted as such. But it is quite likely the Chinese may have known how to read between the lines, and very possibly their action in suspending trade may be taken as the best evidence of the real purpose. However this may be, it was not till the Chinese traders at Tientsin had unanimously closed their hong, and the banks and pawnshops were on the point of following their example, that the territorial Taotai intervened, † and issued a proclamation which had the effect of restoring confidence. The Viceroy came later on the scene, and proclaimed ‡ that the Customs' Taotai was quite right, and the people quite wrong; but virtually surrendered the point at issue, as Chinese officials always do when they have excited the mass of the people to opposition.—It is noteworthy that when the Taotai vacated his office a few months subsequently, he made a present of Tls. 20,000 to the military chest; and is reported to have still carried off an immense fortune, realised during his short incumbency.

Curiously enough, the Taotai of Shanghai followed next, with a precisely similar attempt to put in full force a semi-obsolete "defence tax," which had been recognised as impracticable and allowed to fall into semi-desuetude. The *Shunpao* vigorously attacked the measure, and the Chinese merchants, as at Tientsin, suspended business in the goods implicated, till the Taotai receded from his false position. Altogether, the incident was not a happy inauguration of His Excellency's reign. His action, however, had one good effect, though probably the last that he contemplated or desired. It called attention to the whole question of local taxation in Shanghai, and excited vigorous protest against the exactions to which foreign imports are subjected, in clear defiance of treaty stipulations. The movement was invigorated, too, about the same time, by a judgment of Sir Edmund Hornby, which laid down that the Settlement must be considered part of the port, and that imports which had paid the import dues must be considered protected from further taxation, so long as they remained within its limits. The point, in fact, became most clear, from the absurdity of the converse proposition. What is the use of defining an import duty and a transit duty, if goods

* *N.-C. H.*, March 18th, 25th;

† April 1.

‡ *N.-C. H.*, April 8.

are to become liable to both the moment they are landed? Yet, as a matter of fact, a bale of Shirtings which has paid 5 per cent. for the privilege of "import," is charged another $2\frac{1}{2}$ per cent. before it can be sold in a Shanghai shop. Still, no definite action has been taken to repel the levy; and surprise is expressed that, if the question can be raised in no other way, the Council do not arrest the tax-gatherers as thieves—for extorting money to which they have no right.

It is not, however, only at Tientsin and Shanghai that the excessive taxation of trade has been subject of complaint. From every treaty port comes the same murmur; and not only from treaty ports, but from the inland provinces of the Empire, even, official protests have been addressed to the Throne, showing that the limit of taxation has been reached, and that revenue actually falls off in face of increased charges.

The most glaring of all cases, however, is the blockade maintained by the Customs' cruisers around our colony of Hongkong. The insolence of this proceeding is only equalled by the tameness with which the British authorities submit to the infliction. If anybody has a right to tax Hongkong trade, it is the owners of the island. But Hongkong is a free port; and that the Chinese Government should be allowed to establish a floating Customs' cordon around it, and levy taxes as though it were an integral part of the Chinese Empire, is monstrous. Yet, this is what the Hoppo of Canton practically does. The talk about protecting the revenue of Canton is a pretext. It is when the goods enter Chinese territory, not when they leave Hongkong, that his privilege of taxation commences; and instances have been quoted of junks bound to Hongkong from Formosa and the ports of Fohkien, seized and subjected to extortion by his so-called revenue cruisers; though these are districts with which he has no remote connexion, nor the most remote right to interfere. The matter was referred home, and seemingly appreciated at something like its real merit by the Secretary of State for the Colonies; but the Foreign Office, misled, we fear, by H.M.'s Consul at Canton, shirked interference, and damped the energy of Lord Carnarvon. We are glad to see that Sir Arthur Kennedy has taken the opportunity of his visit home, to press the matter again upon the attention of the Colonial Office; and has apparently convinced it that some action is really necessary to protect the trade of the colony. The tone of Lord Carnarvon's despatches is all that can be desired; but there is still an unaccountable lukewarmness in the attitude of the Foreign Office; though Sir Arthur Kennedy's recommendations are so moderate and practical that the most philo-Chinese delusionist can hardly find ground for objection. He proposes that the Hoppo should be required to furnish a tariff of what duties are properly leviable, with a statement of where and to whom they should be paid; and that a Mixed Commission should be appointed to adjudicate upon cases of taxation or seizure, in which the junks complain of excess or injustice. Such a tariff has been often applied for, but never furnished; and we can well believe that the Governor hits the nail on the head, in suggesting that "the exaction of legal dues only would not justify the maintenance of a blockading squadron. It would no longer pay!"

The irritation with which the proceedings of the Hoppo's cruisers

were regarded, was intensified by the seizure of the British steamer *Carisbrooke*, off the Hainan coast.

The *Carisbrooke* cleared from Singapore, in the early part of June, with passengers and cargo for Hainan and Hongkong. It was understood that she would not enter any port in Hainan, but would halt off a certain part of the coast, when the passengers would get junks to take themselves and their goods ashore. She reached the desired neighbourhood early in the morning, and anchored to enable the transhipment to be effected. While it was going on, the Canton gunboat *Peng-chao-hai* came in sight, and at once arrested the *Carisbrooke*, on the charge of having violated the treaty by going to a non-treaty port. The chief officer and three mates of the *Peng-chao-hai* were sent on board the *Carisbrooke*, and the two vessels started together, Captain Scott having promised, as ordered, to take his vessel to Whampoa. Subsequently, however, he seems to have considered his acquiescence too ready, and under circumstances which he explained before the Court of Investigation,* held a course for Hongkong, till the gunboat fired four shots, smashing the rudder and piercing the hull—when he surrendered command, and some of the gunboat crew were put on board to navigate the steamer to Canton. It should be mentioned that Capt. Palmer, commanding the *Peng-chao-hai*, was an Englishman; and that Mr. Deputy-Commissioner Brown, also an Englishman, was on board. These gentlemen deserve all the glory which history can give them for their share in the achievement.

So much for the actual incidents of the seizure. As regards the charge under which the *Carisbrooke* was arrested, there can scarcely be a question that she was infringing Articles 47 and 48 of the Tientsin treaty. The only port opened by treaty in Hainan is Kiung-chow; and though no Consulate has yet been established there, it is hardly likely that a ship going there could be accused. But the *Carisbrooke* was not at Kiung-chow, she was anchored off the mouth of the Chin-lan river, about seventy miles south of that port; and seems to have been within the conventional three miles belt of sea. The question is as to the degree of her guilt. A ship full of dutiable goods, the whole of which she was endeavouring to land clandestinely on some portion of the coast where Customs authorities were not, would be clearly liable under the treaty, to confiscation. But the fault of the *Carisbrooke* seems to have been as far removed as possible from this enormity. It appears to be not an unfrequent thing for steamers to call at Hainan, as she did, *en route*. There was so little attempt at secrecy, that she was advertised in Singapore newspapers to call at Hainan and Hongkong. It would have seemed reasonable on the part of any civilized nation to give warning that this practice would be stopped, before proceeding to put in operation a penal clause that had been dormant. If the Canton authorities had said, "You have been doing this, but it is illegal, and we don't intend to tolerate it any longer," they would perhaps have been within their rights. But the Chinese are not civilized, and we cannot expect to gather grapes from thorns. At any rate, there was from the beginning no such secrecy in the proceeding as is usually incidental to an attempt to smuggle. The ship anchors in full sight of a town, in broad daylight, and junks come

* N.-C. H., June 26th and July 3rd.

off and take certain passengers and goods ashore. There are Chinese Customs authorities at the port, who are in a position to tax these goods directly they land. To land cargo in broad daylight in front of a Custom-house can hardly be called smuggling, or even trading clandestinely.

However, the *Carisbrooke* was taken to Canton, and an investigation was there held under certain Rules made and provided. The Chinese Superintendent of Customs, or Hoppo, as he is familiarly called, sits in chief with the British Consul in the place of honour at his left. This is peculiar, to begin with, and is pointed out as a grave defect in the Rules,—actually making Judge the man who is most directly interested in the prosecution. Then the investigation was held with closed doors, which also caused much irritation. It is understood that the Court unanimously agreed the ship was seized within three miles of the coast of Hainan, performing acts unauthorized by the Treaty. Sir Brooke Robertson, however, stated several mitigating circumstances, and held that the penalty of confiscation was altogether disproportionate to the offence. The Hoppo, on the other hand, held that if there was any violation of Article 47, the only penalty the Court could inflict was confiscation of both ship and cargo. And so the case was referred to Peking for adjudication; the united intelligence of the British and Chinese Officials who framed the confiscation rules, having failed to provide a loophole of escape from the extreme penalty of confiscation, in cases where the infraction had so evidently been of the letter rather than the spirit of the treaty. The decision of the Peking Authorities has not yet been made known, but it is rumoured that the view of Sir Brooke Robertson, that the offence did not justify confiscation, finds support in the Capital.

We have recapitulated at length the circumstances of this seizure, both because it excited intense irritation at the time, and because it is illustrative of the spirit in which the Hoppo's cruisers carry on their proceedings. Out of evil however good does occasionally come, and it is not unlikely that the seizure of the *Carisbrooke* may hasten the break-up of the blockade system and the introduction of more reasonable rules of intercourse. As the *Times* (Aug. 20) remarked in commenting on the case, "Stipulations so narrow, exclusive, and restrictive of mutual advantage ought not to be construed with the utmost strictness. We know they cannot be permanent, and the Chinese know it too. It is perfectly certain the barriers which Imperial jealousy has created against the foreigner will be broken down either by the enterprise that belongs to peace or by future wars. At a time when the strength of maritime nations is being rapidly developed in Eastern seas, and the Chinese are wandering across the Pacific, it is impossible to suppose that the old stipulations can always be maintained in their integrity. And the conviction that unrestricted intercourse is an object in which foreign nations will persevere, is more likely to induce a reasonable state of mind among the Chinese, than even acquiescence in the positive stipulations of existing treaties." Weighty and sensible words, which we commend to the attention of the Foreign Office, and its representatives at Peking.

The better regulation of the duties on trade is one of the points which H. M. Minister has lately had under discussion with the Chinese

Government; and we trust that a due fulfilment of Treaty stipulations in this respect, will at length be peremptorily required. At present, fifteen years after it was negociated, the clause which was principally relied on to secure the transit of British imports throughout the Empire, is systematically violated.

Some collisions occur, unfortunately, every year between Foreigners and natives, and it could hardly be otherwise where ideas and habits so dissimilar come in contact. But on the whole we get along well with the people, when they are not excited against us by their superiors. It is indeed much to the credit of Foreigners, and says much for their habitual discretion and self-restraint, that cases of trouble are so few; and that when such do arise, the aggression almost invariably comes from the Chinese. The misfortune is that the lukewarmness of the Mandarins in affording redress, leaves a bad impression on both aggressors and aggrieved. The only case that occurs to us, during the year, in which the action of a Foreigner was the direct cause of trouble, was in an attack on Mr. W. Cooper at Quinsan,* and that was through a pure accident. In shooting at a snipe, Mr. Cooper unfortunately wounded in the cheek a Chinaman who was at some distance, hidden among some barley in the line of fire. The hurt was a mere nothing, and was at once washed and examined, and a small sum tendered in compensation by the gentleman who caused it. The man went away apparently contented, but was brought back in the afternoon by a crowd of villagers who demanded \$50 compensation. Not having the money with him, Mr. Cooper and his companion could not give it; but the Chinese, failing to obtain it, commenced an attack upon the boat which threatened to result badly for its occupants, when these were rescued by the timely arrival of some other foreign sportsmen. After great delay and great trouble, the punishment of several of the rioters was secured at the instance of H. M. Consul; but compensation has not yet been paid for the house-boat, which was left on the spot and completely gutted by the villagers.

Another case of attack on a Foreigner was at Shantung Promontory. There had been always some difficulty in getting the villagers to supply water and food to the Foreigners in charge of the lighthouse. The fact was attributed greatly to the influence of a literate named Li Wu, who lives in the neighbourhood, and greatly to the injudicious proclamation put out after the Fawcett riot in 1874, the natural effect of which would be to persuade the natives that the Foreigners who were coming to reside there were some new and dangerous kind of animal, who needed to be avoided and restrained, and generally treated in any other way than as harmless and well-intentioned beings. At length, however, some villager less subservient or less timid than the rest, seems to have broken the ban, and to have supplied provisions—for doing which he was maltreated by his countrymen. The chief Coast-lights Engineer, Mr. D. M. Henderson, being on a visit to the Promontory, shortly after the incident, went with one of the lighthouse keepers to the village where this happened, to enquire into it. And on the way back it seems that Mr. Henderson bethought himself to pay a civil visit to the famous Li Wu, to whom we have before

* N.-C. H., 1st May.

referred as the prime mover and instigator of the whole trouble at the Promontory. Not only was his visit contemptuously refused; but the whole party, comprising the two Foreigners, two boatmen, and Mr. Henderson's boy, was straightway attacked by a mob of villagers, armed with hoes, sickles, and bamboos, with which they inflicted severe cuts and bruises on the unfortunate visitors. It was only by dint of hard running that the Foreigners succeeded in getting out of their clutches. One of their Chinese attendants seems to have been equally fortunate. But two of the others were caught by the pursuers, and were sent back two days later from the District Magistrate's yamèn, bearing evidence of having been "rather more than half murdered by the mob." So bad were they, that they actually seem to have escaped further beating at the yamèn, because they had been already so severely punished as to be unable to stand more!

And all this happened within three weeks of a visit made by Mr. Mayers to the Promontory, for the purpose of offering compensation to the widow of the man alleged to have been shot by Fawcett, and during which it was hoped Li Wu had been warned into better behaviour. We had not much faith in the efficacy of that visit. Its effect could hardly fail to be to confirm the natives in the belief they expressed at Fawcett's trial, that the light-house was a Foreign matter. In any case, the attack upon Mr. Henderson and his party proves that the visit was an utter failure, if it was hoped thereby to conciliate the villagers or to overawe Li Wu. The villagers make a more savage attack than before; and few will doubt, after Li Wu's antecedents and his contemptuous rejection of Mr. Henderson's call, that that worthy was at the bottom of the riot. Li is the man who caused all the trouble from the commencement, and so far from being frightened, here is he instigating a more serious outrage than before, three weeks after the warning that was to have restrained him. Yet we do not hear that either Li or those concerned in the attack have been punished for their misdeeds.

Early in June, a riot occurred at Chinkeang, which stopped short very narrowly of serious consequences. The American Consul, Mr. Colby, and his wife, were entering the Settlement on their return from an afternoon walk, when they were greatly annoyed by some soldiers, who roughly hustled them, at the same time using very disgusting language. A Municipal policeman expostulated with them, and told them it was the American Consul and his wife whom they were insulting. Instead of desisting, however, they turned upon the policeman, and were using him very roughly, when the British Consular constable came up to the rescue, arrested two of the rowdies, and carried them off to the Consular jail. A large crowd, among whom were many soldiers, at once began to assemble, and endeavoured to force the gates of the Consulate, which were however defended by Mr. Baber, the Interpreter in charge of the Consulate, and the Constable. As news of the affair spread, thousands of Chinese crowded on the hill, the few British residents also making their way to the Consulate, to stand by their Representative. Some soldiers had in the meantime gone off to the barracks to summon their comrades in force; and Mr. Baber, on his part sent in to the Taotai, to request assistance. Shouts of "Ta yang

kwei-tze"—(kill the foreign devils) were loud ; and matters looked very awkward, when a military Mandarin rode up, and, using a club freely among the rioters, drove them back from the gates. This was the turning point of the riot ; other military mandarins arrived, and shortly after a posse of officers from the Taotai's yamên. Mr. Baber now insisted on handing over the prisoners to the custody of the latter, who at first refused, but afterwards consented, to receive them and took them into the city. The crowd began now to disperse under the influence of the officials. A guard was placed at the approach to the Consulate, and order was not again disturbed.

Mr. Medhurst, H. B. M. Consul, and Mr. Seward, U. S. Consul-General, at once went up to Chinkeang with H. B. M. corvette *Thalia* and the U. S. gunboat *Palos*, and entered into correspondence with the Taotai. The two men arrested at the beginning of the riot were tried by the latter in their presence, and sentenced to 50 blows each and a month's cangue. And as this accounted for the insult to the American Consul and his wife, Mr. Seward returned to Shanghai, leaving Mr. Medhurst to prosecute alone his demand for satisfaction for the attack on the British Consulate. The Civil Mandarins appeared well-disposed, but the Military Authorities were recalcitrant, and Mr. Medhurst found it necessary to go in the *Thalia* to Nanking, to seek the interference of the Viceroy. Under his influence the Tartar General was persuaded to give up eight of the ringleaders, four of whom were bamboosed and cangued in front of the Consulate, four others being less severely punished. A warning proclamation on the whole incident was issued ; and the matter thus effectually settled. The most unsatisfactory feature in this as in other cases, was the difficulty in arriving at so natural a conclusion. We can understand how, among a semi-drilled body like the native troops at Chinkeang, such a riot may possibly occur ; and were only a genuine willingness indicated to punish the ringleaders, we should have been content. An attack, even in a moment of excitement, on a British Consulate is an offence calling for some punishment ; yet the aid of the Viceroy has to be called in before this can be secured.

Another narrow escape from a military riot occurred at Kiukiang, in the Autumn, when the General in command of the garrison had his men under arms ready to attack the foreign quarter, because two foreigners had impounded the horse of one of his followers who had cut at them with a whip as they were walking quietly through the streets. But this affair passed off at the urgent intercession of the Taotai, who got wind of what was brewing and beseeched the General to stay proceedings.

A serious attack* was made on the premises of the American Missionaries at Kiukiang in the early part of May, which bore distinct evidence of having been instigated. The plea was the old one, of murdering children for the sake of taking out their eyes and heart for use as medicine. The father of one, a child who had been in the habit of attending the Mission school, presented himself there one afternoon, complaining that his child was missing ; and having succeeded in collecting a crowd, turned round and made this charge. The consequence was a riot, in which the Mission premises were destroyed, and which there was reason to suppose had been

* N.-C. H. 8th May, 1875.

previously organised, as rumours of an intended riot were abroad several days before the occurrence; so that the disappearance of the boy and the charge founded thereon would appear to have been only parts of a preconcerted plan. The local officials subsequently made reparation, at the request of the American Authorities.

At Nanking, also, in the Autumn, threatening placards were issued with a view to get rid of certain American Missionaries, and a woman who had let a house to an Indian eye-doctor was had up at the Yamèn and punished; but both incidents passed over without further trouble. At Chinchew, at Swatow, and in Formosa, various missionary difficulties occurred in the Spring, culminating at a place near Taiwan in an attack* upon the Rev. W. Campbell, from which he narrowly escaped with his life.

It is noticeable that in all these cases there has been a suspicion of instigation by some literate or officials; and it is this fact which makes the edict lately issued at the instance of H. B. M. Minister, asserting the right of foreigners to travel, useful. The tone of the edict is not all that could be desired, but it is a step in the right direction—not only as publicly affirming a fact, but as recognising officially the position of foreigners under treaty, which the Government has hitherto always avoided doing in the *Peking Gazette*. It would be well if publication of the entire treaty were required, in conformity with Art. VIII of the Peking Convention, which was notoriously evaded at the time.

It was thought, during the Summer, that arrangements had been made for constructing the first land line of telegraph in China, from Amoy overland to Foochow. After trying ineffectually for some time to construct the line themselves, the Great Northern Telegraph Co. eventually arranged to sell the plant to the Fokkien Government, who undertook to have it set up as a native undertaking, availing themselves of the services of the Company's artificers and staff. But whether the Danes failed in discretion in their dealings with the officials, or whether the literati of the neighborhood put forth a spontaneous opposition, the result was altogether adverse to the hopes excited. We are inclined to think the local Government was originally sincere in its intention; whether this intention was changed to hostility, or whether it failed to control the hostility with which the literati regard every scheme that was unknown in the days of Shun, is difficult to say. In any case, the people along the line were stirred up to destroy the plant and pull down the posts as they were erected.

General. The complaint has been constant during the year, of dullness of trade, but as Shanghai has not been peculiar in that respect, the fact does not prepare us for an early verification of Mr. Robert Hart's prediction that our days are numbered, and that Chinkeang is to be the port of the future. China appears to have shared in a depression which is universal, and which is a not unnatural consequence of the excited condition of trade for a few years previously. There are indications that the worst has now been seen, and that, barring the chances of war in Europe, improvement may be looked for during the coming season. When trade is dull, things generally are, of course, dull in Shanghai; and there is, in fact, little of importance to note in the current affairs of the Settlement

* N.-C.H. 25th March. ,

during the past year. One noteworthy incident has been the development of the Woosung Tramway scheme. A company has been formed to carry out this design, and the road has been made; the material has arrived from England, and the laying of the permanent way begun. The line is not important in itself, but is interesting as the first sample offered to the Chinese, of a mode of carriage which has wrought such marvellous changes in the condition of Europe.

The Telegraph Companies have signalised themselves by a step in defiance of all economical experience, and which has made them very unpopular with their clients. They have introduced various changes in their tariff, which amount to nearly doubling the rate on all short messages, and which will have the natural effect of decreasing telegraphy correspondingly. While everyone else in the world is realising that small profits on a large business pay better than large profits on a small one, they have acted on the reverse principle, and adopted prohibitive charges which must have the effect of lessening business. Rumours of an opposition line naturally arise in consequence. We hope sincerely that they will be realised; for, apart from the restrictive policy we have referred to, there is much left to be desired in the general conduct of the business.

The Home Press has been awakened by the Yunnan outrage to a greater interest in China than has been shown since the war of 1859; and it is said that its unanimous recognition that full and complete reparation must be had, went far in convincing the Peking Cabinet that it would do wisely to yield to the demands of the British Minister. As our readers are aware, there is an agency in London of the Imperial Maritime Customs, not the least important of whose functions is said to be the transmission by telegraph of political events that have interest for China. The institution might easily work for good or evil; in the present case, if we may credit political gossip, the former resulted. The more weighty questions of Eastern policy that have since arisen nearer home, have naturally eclipsed for a moment the public interest in Yunnan. But the Chinese may take the hint of the despatch of British troops to Bhamo, and of four first rate frigates to Shanghai, to show that the question is not forgotten; and that England fully purposes to exact the reparation she has demanded.

In China, the influence of the native Press has been increasing. It is, of course, as yet, in its veriest infancy; but the indications are clear, of a healthy and growing importance being attached to it. Our own knowledge is, of course, confined chiefly to the *Shunpao*, which, under foreign management, is still conducted with a sufficiently loose rein to let it be an exponent of genuine native thought. We referred, in our Retrospect of 1874, to the Cantonese opposition which had been excited by its defence of the actor Yang Yeh-liu and by its diatribes on the cruelty and injustice to which he was subjected at the instance of the Canton Guild. The *Weipao*, which was started by the Cantonese in their wrath at its utterances, died a natural death in the spring, having had an effect precisely the reverse of that intended by its founders. Instead of injuring the *Shunpao*, the competition increased the circulation of the latter, whereas the *Weipao* proved such a financial sieve, that its owners soon grew tired of the venture.

Another native paper, the *I-pao*, was started on its ruins, but was so little respectable in its tone or management that its early demise followed naturally and quickly.

In the meantime, the origin of all the excitement, the actor Yang Yeh-liu, is still kept in a Shanghai prison; although entitled, we believe, to have been released a year ago, under the act of grace at the Emperor's accession. Cantonese influence, however, is said to be still too strong for justice. The girl whose passion for the handsome actor was the commencement of the trouble, has been sold by the officials as second wife, to a Chinese gentleman in the city. Her mother has been harried into suicide. So the whole incident forms a cheerful picture of Chinese social enlightenment and official purity.

The Polytechnic Institution has progressed under the auspices of its founders. Funds have been freely subscribed; and a site has been bought and a suitable building erected, in the Canton Road. This is nearly completed, and the promises of aid and contributions received speak well for the future of the institution. The Museum recently founded in connection with the Asiatic Society has also prospered greatly. Specimens have been freely contributed by sportsmen, both in Shanghai and at the outports. The Museum is becoming a valuable public institution; and the Asiatic Society deserves well of the public, for undertaking the expense of its maintenance.

The Hongkong and Shanghai Bank is the only new public building of importance that has been opened during the year. But the acquisition of new premises by the Municipality deserves record. For the past nine years, the Council have tenanted buildings in Honan Road, leased by them in 1865, at a time when rents were at their highest point. This lease terminated at the end of 1875, and the well-known Tunsin hong in Hankow Road has been purchased from Messrs. George Barnet & Co. at a very moderate rate, for a future habitation. This will enable a considerable saving in expenditure, and places the Municipal offices in a more central and convenient position. The new premises moreover are sufficiently large to accommodate the whole of the public offices, which will now be collated in one block. It is a sign of the change which is coming over the Settlement, that the old premises in Honan Road are being pulled down, and the ground is to be covered with Chinese shops and hong.—This growth of Chinese houses within the Settlement has been, of late, a very marked feature. The tendency is more and more to break up the old hong system, and for assistants to be left to choose their own quarters; and the consequence has naturally been a depreciation in the value of the larger houses. A further tendency to migrate into the country, where the number of villa residences is constantly increasing, has still further tended to depreciate the value of foreign house property in the Settlement, and the preferential erection of Chinese houses which give a better return on the money invested, is a natural consequence.

We referred last year to the survival, by the Pacific Mail Co., of the competition which had been started against them on the route between China and America. But they were not left long in enjoyment of their monopoly. A Japanese Company, under the style of the Mitsu Bishi Mail

Steamship Company commenced a determined opposition in the Spring, on the Shanghai and Japan line, and succeeded in a few months in persuading the Pacific Mail to retire from the contest, and to sell their local steamers and property to their new rivals. The Mitsu Bishi has now possession of the route, but it is rumoured that certain Japanese themselves purpose establishing shortly a competitive line.—On the American route, also, the Pacific Mail have been subjected to the competition of the Oriental and Occidental Company's steamers, which would become more rapidly favorite, if they would indulge in the speed of which they have proved themselves capable. The great drawback to the voyage is now the intolerable slowness with which it is performed.

The low rates of fare induced by the competition in the Spring, had the effect of diverting to Japan, the excursionists who usually seek a temporary change from the Shanghai summer, in Chefoo; and hotel proprietors at the latter port suffered accordingly. With the restoration of the passage money to nearer its old scale, they will doubtless recover, this season, much of their customary business.

The business of the Law Courts has been generally light during the year; the only case of importance that has come before them, being the suits arising out of the *Ocean* and *Fusing* collision. These had exceptional interest, both from the circumstances of the case and from the form of action taken. The British steamer *Ocean* and the China Merchants' Steam Navigation Company's steamer *Fusing* came into collision in a fog off the coast of Shantung. The latter sank immediately, and 62 out of 125 persons on board were drowned; among those lost being several petty Mandarins. Proceedings were at once instituted against the *Ocean*, but a curious question arose at the outset, as to the mode in which the action should be brought. Art. XVII of the Tientsin treaty provides that in cases of dispute between Chinese and Foreigners, which cannot be amicably arranged, the Consul "shall request the assistance of the Chinese authorities, that they may together examine into the merits of the case and decide it equitably." But the order in Council of 1865, establishing the Supreme Court of China and Japan, expressly vested "all Her Majesty's jurisdiction civil and criminal exerciseable in China," in the Supreme Court exclusively so far as regarded Shanghai, and in the Consular Provincial Courts when beyond the Shanghai Consular district. The Chinese Government ought, of course, to have been notified of the change, which was merely one of form; but this was not done, and the anomaly thus arose, that the treaty prescribed the constitution of a Court from which the Order in Council had withdrawn all power. The Chinese naturally demanded a Consular Court as prescribed by treaty; the Consul replied that power had been withdrawn from him by the Order in Council, and vested in the Judge. Eventually, the owners of the *Fusing* consented to bring their action before the Supreme Court, which decided, after an elaborate trial, that both vessels were to blame, and the damage of both was accordingly ordered to be added together, and one-half to be borne by each. But the case was not yet ended. The Chinese authorities now renewed their claim for a Consular Court, to try a suit for compensation, instituted by the relatives of those lost with the *Fusing*, against the master of the *Ocean*. In this case the Consul consented to sit;

and after an elaborate trial in which much curious evidence was gone into regarding the means and income of the persons drowned, judgment was given in favour of the plaintiffs for Tls. 11,000, assessed at the rate of Tls. 300 for each of 24 officials, and Tls. 100 for each of 38 of the passengers and crew, lost with the sunken vessel.

The chief changes in the position of public companies have been the recovery of the Hongkong and Shanghai Bank from the prostration into which it had been allowed to sink, and the winding up of the Victoria Fire Insurance and the China and Japan Marine Insurance Companies. The first is certainly a subject for congratulation, and we do not think the two last named incidents are causes for regret. The Hongkong Bank had advanced money on a number of schemes originated in the Colony during a time of rather inflated prosperity, but which proved to have no sure foundation, and which eventually collapsed with heavy loss to the Bank which had supported them. Notably, the Indo-Chinese Sugar Company, which was profusely supplied from the Bank's funds, proved an apparently bottomless well. Eventually however, the difficulty has been worked through. After losing a million of its reserve, and having been unable for two years to pay a dividend to its shareholders, the Bank has at last recovered its position, and is able to declare a small dividend of 3 per cent. on the half-year just ended. Shares, which had sunk, in a quasi-panic, to 29 per cent. discount, rose with a bound at the close of the year, and are now quoted at 10 per cent. premium. The rise indeed seems almost excessive, in view of the small dividend available; unless we reflect that the low rate of exchange enables the shares to be laid down nearly at par in London, from whence the great demand has come.

The shares of the Victoria and China and Japan Companies were both quoted much below their real values, when it occurred to certain speculators that it would be a profitable coup to obtain a controlling power and wind them up. This was successfully done, with largely profitable results to the originators of the idea; and, as the Companies were somewhat redundant, their extinction will entail no inconvenience. The process of winding up the Union Steam Navigation Company has gone steadily on, and is now nearly finished. The China Navigation Company, which took its place on the river, continues to work amicably with the S. S. N.; and the shares of the latter company, which sank, together with those of other local undertakings, during a period of depression verging on panic that characterised the autumn of 1875, are gradually recovering the position in public estimation to which they are entitled.

In Municipal matters, the subject of chief interest has been the decline of receipts from Wharfage Dues, owing to the possibility which exists of passing goods at lower rates through residents on the French Concession. Several firms have availed themselves of this opportunity, each apparently following the action of the other. "If every body pays, we will pay; but we cannot afford to be handicapped against those who don't." The legal right of the Council to collect the tax will probably be shortly tested. In the meantime, it seems not to occur to the original recusants that they have no moral right to avail themselves of the privileges of this Settlement, at the expense of their neighbours. If they wish to enjoy the cheap rate of

Wharfage Dues prevailing on the French side, they should in all honesty go and live there. It is to be seriously hoped that a solution of the difficulty will be arrived at, not only because it operates seriously on the Municipal finances, but because any shock to the system of Municipal Government, which has worked so well, but which depends so greatly on the goodwill of all members of the community, would be in the last degree regrettable.

The system of admitting, at Ratepayers' meetings, the proxy votes of resident Ratepayers who declined personal attendance, has been definitely ended; the amended rule having received the sanction of the Consuls and of several Foreign Ministers.—The revision of the Land Regulations, which has been so often discussed, is at a stand-still. An amended code was offered by the Revising Committee, at the meeting of Ratepayers in May last, but was dropped without discussion. It is, perhaps, the absence of urgency which causes this apathy. The Regulations have hitherto been found to work fairly well, but there are undoubtedly flaws and lacunes which may at any time prove causes of serious inconvenience.

The inconvenience of the presence of Chinese tax-gatherers in the Settlement has been referred to in a former chapter. We refer to it again in connexion with Municipal matters, only to insist on the desirability of excluding any other tax-collectors than those employed by the Municipal Council itself, from our midst.—A resolution came to at the annual meeting of Ratepayers, to make the Municipal year end with December instead of March, has been put in operation, and will prove generally convenient. To say nothing of the reasonableness of the change, the former arrangement drove the annual meeting on to the verge of the busy season, and embarrassed the Race holidays at the end of May, which are as much an institution as the meeting itself.—The question of taxing residents without the limits of the Settlement, who now enjoy almost all the advantages of Municipal Government without contributing to its burdens, has again been brought prominently up for discussion by the insistence of the Council on their right to tax hired carriages running in the Settlement, but owned by a resident without its limits. The justice of the claim was upheld by the Mixed Court, and the desirability of extending the limits of Municipal taxation to embrace residents on the Bubbling Well road and in other quarters, is one especial reason for pressing forward the revision of the Land Regulations.—The presence of the opium hulks has again been subject of complaint, but they maintain their position in front of the Bund, in defiance of common and æsthetic sense.—An attempt to persuade the Taotai to co-operate with the Council in deepening the Soochow Creek, between the English and American Settlements, was somewhat curtly repelled. Indeed, in more than one instance, His Excellency has shown himself deficient in courtesy, and in a willingness to work reasonably in concert with his neighbours.

The system of divided authority at Shanghai is, in fact, a great and ever-present inconvenience. We see, however, no remote hope of an amalgamation of the several interests, however reasonable such a project would seem. The American and English Settlements recognised the principle at an early date, and work under one Municipal Government, with advantage to both. The French have elected to govern their plot of ground by

themselves, and causes of dispute are constantly arising, which go to prove—we had almost written the absurdity, of creating an imaginary division between districts that are practically one. During the past year, for instance, there have been three substantial disputes. In the first place, the French Council encroached on the Yang-king-pang, by advancing their bund several feet into the bed. The English Council protested, and after a long correspondence it was agreed to refer the matter to the arbitration of Messrs. Medhurst and Godeaux ; who gave the remarkable decision that the encroachment had been made, but that, as it had been made, it should stand—really almost equivalent to the famous verdict of “Not guilty ; but don't do it again,” which has been immortalised as the highest experience of juridical eccentricity. The next dispute was about wheelbarrows ; the French Council claiming half the total proceeds, while the English argued that they were entitled to two-thirds, in virtue of their greater mileage. This dispute also led to voluminous correspondence, which ended in each Council going its own way, and taxing the barrows independently. But out of it arose a third cause of quarrel, regarding the maintenance of the Yang-king-pang bridges. With curious logic, the French Council said that if they were only to be allowed one-third of the wheelbarrow tax, they would pay only one-third of the cost of the bridges ; and as the English Council utterly declined this proposal, communication between the two Settlements seemed in a fair way of being stopped. Fortunately, the decision that each Council should tax its own wheelbarrows cleared away the difficulty in time, and the catastrophe was avoided. The principle of sharing the bridge expenses was also re-established. We have mentioned these incidents chiefly to show how inconvenient is the system of divided authority, and how greatly it would be to the advantage of all concerned, if a Municipal amalgamation of the two Settlements could be arranged.

Nothing has been done towards establishing the Water Supply, which medical men declare to be so much needed. But the times are not propitious for incurring the large outlay that would be involved.—The future of the General Hospital has been the subject of energetic discussion, both in the newspapers and at public meetings. The Trustees asked the Municipality to build a new Hospital ; the Ratepayers expressed themselves ready to vote the money if control were handed over to the Council ; there was nothing left, of the capital subscribed to found the present institution, but a plot of ground in Hongkew for a site, which was far from being generally appreciated. Already a considerable Municipal subsidy went towards maintaining the hospital ; and the proposal now went, practically, to make it a Municipal institution. The Trustees demurred ; but a compromise has been arrived at, under which the general Municipality agrees to give Tls. 5,000, and the French Tls. 2,500, towards the construction of a new building, on the understanding that the Board of Trustees shall consist in future of three Consuls to be delegated annually by the Consular body, four Ratepayers to be chosen annually by the General Municipality, and two Ratepayers to be chosen annually by the electors of the French Settlement. By investing the Bazaar Fund in the new building, the Trustees consider they will now have at their disposal sufficient funds to erect it.

1876.

Political. The year has not been a very eventful one for China, as regards her internal politics. The Emperor Kwangsu is in quiet possession of the throne to which he was raised by the influence of the Dowager Empresses; and nearly the only sign of his existence which we have had during the year, was an edict making arrangements for his education, in the *Peking Gazette* of the 8th January. Weng Tung-ho and Hia Tung-show, both mandarins of eminence, were then appointed to act as preceptors of the young Emperor; and his father, the Prince of Chun, was directed to superintend all that is needful in respect to the allotment of his studies. The occasion was taken by a Censor to protest against the appointment of the Prince to office, as contrary to custom, but severe displeasure was expressed at the interference, and we have since heard nothing of the incident.

The apparently interminable war in the North-west still drags on, and reports were rife in the early part of the year, of disaster to the Imperial forces and imminent danger of the tide of invasion being rolled back on China. Whether the imminence of this danger impelled the Government to increased exertions, or whether they were moved by the notorious unpopularity of the war to make an effort to obtain some definite result—measures were taken in the spring to send reinforcements that enabled Tso Tsung-tang and his lieutenants to gain an important victory over the Mahomedans before Urumtsi, which resulted in the capture of that city and the repulse of the insurgents to the farthest confines of Kansuh. A memorial in the *Gazette* of the 3rd October narrates the incidents at some length and takes deserved credit for their importance; but we have heard nothing of the success being followed up, as it probably might have been, to a successful termination of the campaign. Perhaps the Imperialists purpose contenting themselves for the present with garrisoning the important frontier posts which they have recovered.

Reports were very rife during the summer, of threatened disturbances in China proper, and there can be little doubt that willing insurgents were actively watching the course of the negotiations regarding the Yunnan outrage, with a view to take advantage of the opportunity in case of a foreign war, which would have gravely embarrassed the Central Government in dealing with its own subjects. The Secret Societies, which are regarded as the especial centres of hostility to the reigning dynasty, were believed to be active; and the extraordinary "Paper-man" mania which spread over Central China, was attributed to the machinations of certain of these conspirators, with a view to embarrass the officials and create excitement and alarm which would facilitate their own operations

if the occasion came. They succeeded in creating a panic which, perhaps from its very intensity, worked its own cure. People were first of all alarmed for the safety of their queues; the word went round that by some process of necromancy paper-men were employed to cut off the tails of the lieges, and that those who suffered this loss were sure to be taken ill and die within a given period. The political import seems to have been the removal of the badge of subjection to the Tartar, but the common people saw only the necromancy and the portent, and were alarmed in proportion to the absurdity of the superstition. But this gave place to a still more intense terror. The paper sprites were next credited with descending on people during their sleep, and producing suffocation. Black cats got somehow mixed up with paper-men in the transaction, and while the latter were credited with the necromantic effect, black cats were the active agents in producing the suffocation. The panic was most intense at Soochow and Woosih, where people were actually afraid to go to bed at night, and work was for some days practically suspended. They slept by day and beat gongs at night to drive away the threatening incubi. The Governor of Chekeang deserves credit for the most sensible proclamation which we have seen issue from a mandarin's pen. He told the people frankly that they were frightened at a nightmare, and not to listen to such idle gossip. The panic subsided nearly as rapidly as it had arisen and, since the peaceable termination of the Yünnan difficulty, seems to have disappeared as mysteriously as it had arisen. It is difficult not to connect the two incidents; and the knowledge that the outbreak of a foreign war would have been a certain signal for insurrection, lends political importance to what might otherwise be passed by as a rank explosion of superstitious folly.

In some districts the excitement was turned against foreign missionaries, who were accused of manufacturing and commissioning the sprites who were tormenting the minds and bodies of the people. Notably in Anhwei, a violent persecution was raised throughout an extensive district; mission premises were burned, several Christians were killed, and the Roman missionaries had to flee the province. At the instance of the French Minister, the Viceroy of Nanking eventually deputed officials to visit the disturbed districts and restore order, and agreed to make reparation for the property destroyed by the mobs.

In Szechuen also, the converts of the Roman Missionaries in the neighbourhood of Chungking were subjected to severe and prolonged persecutions, which however in their case had another origin. The literati are accused of having directly instigated them, inspired by a document* professing to emanate from the Literary Chancellor of the province, which breathed intense hostility to foreigners and advocated war and extermination of the hated intruders. Numbers of lives were sacrificed and much property was destroyed during the riots which followed; but we have heard nothing for some months, of further disturbance, so presume that order has been restored; a tardy edict in the *Peking Gazette* having directed the Provincial Authorities, who had hitherto been supine, to do their duty.

* *N.-C. Herald*, 29th April, 1876.

While these things were going on in the North-West, in Central China the provinces of Kiangpeh and Shantung, and in a less degree that of Chihli, have been suffering from famine following upon a drought which caused the failure of the crops and consequent impoverishment and scarcity. Some measures of relief are being taken, but the want of good roads makes the carriage of rice to the distressed districts difficult, and it is to be regretted the Chinese Government does not require the people to earn food by developing the means of communication. Foreigners also are contributing for the relief of the distressed people, and the funds are being usefully distributed through the local Protestant missionaries, who are said in some cases to have been given money even by Chinese, who trust to their honesty and object to have their contributions taken toll of by official underlings. The most severe distress is evidently in Shantung, where people are said to be dying by thousands, of famine. We even hear of people going from Shantung to Manchuria in search of work and food. There is great dearth also in Chihli and Kiangpeh, but it is hoped that, by one means or other—by the migration of some and by the distribution of relief among others, the people will generally be able to sustain life. Thousands are flocking across the Yangtze into the more prosperous province of Kiangsu. At Soochow alone 10,000 of the unfortunates are said to be assembled, and more than 1,000 have gathered at Shanghai; while a foreigner who recently passed down the Grand Canal from Chinkeang reports having seen large numbers at every city on its banks. These refugees are sheltered in straw sheds and are given two meals of rice gruel per diem, which will suffice to keep body and soul together till the spring enables them to return and again endeavour to work their land.

The Chinese Government has given evidence of an advance in its appreciation of foreign affairs, by appointing representatives to countries with which it is more intimately connected by commercial and political relations. This step has been long urged upon Chinese statesmen by the Foreign representatives at Peking; and we remarked in our Retrospect of 1875, that a series of memorials advocating its adoption had been addressed to the Throne by the chief mandarins of the Empire. The despatch of an Embassy to Great Britain was one of the conditions exacted by the British Minister in the course of negotiations for the settlement of the Yünnan outrage; and the appointment of a Minister at Washington, and Consuls at New York and San Francisco, for which posts also men have been nominated, may probably have been hastened by the earnest persuasions then addressed to the Chinese Government to admit a more truthful view of their foreign relations and of their real position in face of Western powers. There are other signs, too, that the vessel of State is inclined to move, albeit slowly at first, and with many creaks and groans, down the ways to which she has so long been rusted. Less than ten years ago, the proposal to land a telegraph line at Shanghai was refused. Now, the Great Northern line runs overland several miles on the way to Woosung; and the Provincial Government of Fohkien has actually caused a line to be constructed between Foochow and the Pagoda Anchorage. The Government of the Two Kiang has been persuaded, however unwillingly, to countenance and purchase the Woosung Railway;

and we do not despair that the little pioneer line will be allowed to continue working, and be the precursor of others, when the year for which its existence has been secured shall have ended. Already a tramway is being constructed in connexion with the coal mines in Formosa; and Li Hung-chang is said to wish one from the Chai-tang mines to Tientsin, though Conservative influence has hitherto been too strong for him to compass this innovation in the neighbourhood of the capital. But the willingness to open mines and to work them by foreign appliances is in itself a forward step; and there are signs of readiness to do this in several parts of the Empire.

It cannot be denied that all this is progress; but the prospect is marred by the anxiety of the Government to retain all enterprise in its own hands and under its own immediate control. Private enterprise is not only not encouraged, but hindered. It is the Government which buys the railway, the Government which is about working the mines, the Government which fosters the Steamer Company; and we cannot but regard as unsatisfactory, measures which seek no sympathy from, and extend no encouragement to, the people themselves. The railway is bought to get rid of the foreign proprietors, and with the avowed purpose of eventually destroying it, however much we may hope that this purpose will change; the so-called Chinese Merchants' Steamer Company was created and is supported by officials, to undermine foreign shipowners; and a further step in this direction has been now taken, by the purchase of the steamers, plant and premises of the Shanghai Steam Navigation Company, which has so long had a chief share in the trade of the Yangtze. One consideration, however, must not be lost sight of. The Government is educating the people in spite of itself; and is admitting and establishing the very innovations which excite its hostility when proffered by foreign hands. It is said even to entertain the idea of creating a mint, and nothing more than the absence of a proper coinage marks the low standard of Chinese civilisation. Alone in this respect among the nations to which she professes herself so superior, China may well think it is time to provide something better than the strings of copper *cash* and unwieldy lumps of silver which alone serve her as media of exchange. But it is very questionable whether the corruption of her officials and the laxity of her organisation will enable her to issue and maintain a more manageable currency. The people have not sufficient confidence in the honesty of their own rulers to accept a coin as possessing the value it professes to have, merely because it bears the Government stamp; and so universal is the system of squeezing, that we can hardly conceive a mint honestly worked to be within the bounds of (Chinese) possibility. That the reform will be effected some day, we may be sure; but the difficulties in the way appear to be very great; and we are driven every year more and more to regret the shortsighted policy which led to the closure of the Hongkong mint, whose coinage would gradually and certainly have made its way in China and supplied the crying want.

Still, as we said before, though with much creaking and groaning, the rusty machine does show symptoms of yielding to the pressure that is being brought to bear. The question in the minds of foreign, and indeed it would appear of some Chinese statesmen, is whether the whole structure

may not collapse in the unwonted effort. Some of the more enlightened among the high officials of the Empire undoubtedly recognise the need for internal reform, and the advantages of the scientific appliances to which Western nations owe so much of their power and prosperity. Li Hung-chang appreciates the value of railways, and, as we have intimated, was even willing to construct a tramway in the neighborhood of Tientsin, but the Conservatism of the capital was still too strong for him. The mere fact of such a project being entertained, however, by the most prominent Chinese statesman of the day, is in itself an indication that the time when such things will be tolerated, is approaching. As the older generation passes away—men who, like the late Emperor's tutor, Wójên, hate both foreigners and their appliances with a deadly traditional hatred—others come into power who are gradually becoming familiarised with the innovations; and are half willing to accept and apply what they cannot deny is good, and to which they can only object that it is not Chinese. Just as, in England, Toryism as it was understood fifty years ago has died out even among the most Conservative classes; so the Wójêns and Wenseangs of China are departing and making room for a generation of statesmen who have been brought more or less in contact with foreigners, and are half prepared to view with favour the innovations which are being pressed upon their notice. The remark is constantly made of such a Viceroy or a Governor—"He is not personally hostile, but fears the mass of conservatism behind him." It is much to be able to say even this; and we may hope that the leaven of enlightenment which is here indicated will tend gradually to leaven the whole mass. Constant pressure from without, however, is needed, not only to ensure movement but to hold what has been gained. Transit Passes, for instance, are gradually effecting a reduction in the inland barrier taxation. Provincial Governments have in some places reduced this to a scale which shall render the Pass unnecessary, in order to secure the whole of the revenue which the Central Government would otherwise obtain. But, abolish the system of transit passes, and the old scale of taxation would be immediately re-established. Yet it may be that in time the Passes will establish a rate of dues from which it will be impossible to return to the old system of extortion. So in respect of railways and steamers. The latter may be considered already established; if foreign influence were suddenly destroyed in China, no attempt would now be made to revert to the traditional junk. And it may well be that even the railway will so far establish itself, during the year of life that has been secured for it, that the officials of the day will continue to tolerate its existence. We repeat that the selfish tendency of the officials to retain all enterprise in their own hands and to work it for their own profit, is an unsatisfactory feature; but they are none the less establishing changes which will some day pass beyond their immediate control.

Foreign Relations. The negotiations for the settlement of the Yünnan outrage occupy the first place in the history of Foreign relations during the past, as they did during the previous year. We recapitulated in our last chapter the earlier steps which had been taken by the British Minister, to secure reparation for Margary's murder, and the insolent attack on Colonel Browne's party. Li Han-chang had been sent to Yünnan to investigate

and report upon the case; and Messrs. Grosvenor, Davenport, and Baber had been delegated on behalf of the British Government to attend the enquiry. Certain subordinate officials had been degraded, and a few savages were under arrest on the ostensible charge of having been concerned in the outrage.

We are still without an official report of what took place at the enquiry, and strangely little has leaked out indirectly, of the manner in which it was conducted. We are left to infer, however, that it was carefully misdirected by the Chinese, so as to screen the real instigators of the crime; no one higher than a few local mandarins having been inculpated. And Sir Thomas Wade emphatically declined to accept the sacrifice of the savages who were offered for execution as the actual agents. Circumstances, in fact, which came publicly and privately to light both in Yunnan and at Peking, led irresistibly to the conclusion that the outrage had been instigated from the capital, and that even the Governor of the Province was himself but a subordinate agent of higher powers.

It is unnecessary to recapitulate here the evidence that the attack was officially organised, and that the tale put forward by the Tsung-li Yamên, of savages moved by a prospect of plunder, was so false as to be really an aggravation of the offence. The letters addressed by Burmese residents in Manwein to their countrymen with Colonel Browne, would alone be proof against such an allegation. Two days before the event, these men wrote that 3,000 or 4,000 men were being collected to surround Colonel Browne's party, and that they were instructed by the officials, who had come down from Momein, to warn the Burmese to separate themselves, on the 23rd Feb., from the Englishmen, as on that day the party would be attacked, and the Chinese wished them to keep out of the way of danger. We know enough of official routine, in a country where the commonest incident is reported from mandarin to mandarin till it reaches the highest or lowest in the series, to be sure that, independently of the letter delivered to him by Mr. Margary, such an incident as the issue of passports for a British expedition to enter Yunnan was made the subject of elaborate communication to the Governor, and that the officials under his control would be clearly instructed in the course they were intended to pursue. Prince Kung avers, in fact, that copies of every document bearing on the subject which passed between him and the British Minister were forwarded for the Governor's information. Yet, certain officials in the Momein prefecture organised an attack upon the expedition, and murdered one of its members. We required to know by whom this act of war was done. Who were the instigators? Was it due to the hostility or carelessness of the instructions sent by the Yamên to the Governor; or to the hostility or carelessness of the Governor himself; or to the hostility of some local official? The Governor himself was responsible not only in theory, by Chinese law, for such an act of violence within his jurisdiction, but must be held so in fact for not securing the safety of British officers, travelling under Imperial passport, who were officially announced and expected. We may rely, as we said before, in a country where every incident becomes the subject of elaborate official report, that the Prefect of Momein was not left in ignorance of the intended visit of

Colonel Browne's mission; and we may be equally sure that the Prefect would not dare, either on his own responsibility, or in defiance of instructions, to oppose it by force as it was opposed. In either case, he would have been sacrificed at the outset, readily, gladly, to appease the anger of England. The fault then recoiled upon the Governor. Had he been so careless as to omit giving instructions to his subordinates? or had he given secret instructions to repel the threatened intrusion, by force if necessary? He would be responsible in either case; but would the Central Government protect him at the risk of war, if he were the originator of a crime committed against their will and in defiance of their instructions? Yet Li Han-chang's first memorial expressly exculpated him. We are driven, then, to look higher still for the source of the crime, and to suspect the inspiration as emanating from Peking itself,—a secret instruction neutralising the promises made to the British Minister. If therefore the central Government declined to produce the author, they must themselves accept the responsibility; and tender such an apology and make such ample reparation as should atone for the past, and satisfy the English Government and Nation that such outrages are not likely to recur in the future.

It seems to have been in this spirit that Sir Thomas Wade re-opened negotiations, after learning from Mr. Grosvenor the result of the enquiry. He told the Peking statesmen in plain words that it was the Imperial Government he held responsible, and that he would only accept such reparation as might be afforded by the Government itself for its perfidy. And a distinct intimation was given that he had the emphatic support of the British Government in his demands, by the despatch of four powerful frigates—the *Narcissus*, *Immortalité*, *Newcastle*, and *Topaze*, under the command of Admiral Rowley Lambert, to reinforce the squadron already in Chinese waters. The Chinese were, however, evidently still slow to accept the hint, for the British Minister abruptly withdrew from Peking, in the month of June, and it became apparent that the necessity of exacting reparation by force of arms was more than ever imminent. Nearly coincidentally with Sir Thomas Wade's arrival in Shanghai, the British delegates returned from Yunnan; and an opportunity was afforded for an oral explanation of the circumstances of the enquiry. Soon after, Mr. Grosvenor was despatched to report in person to the Foreign Office in London.

Sir Thomas Wade's departure from Peking seems at length to have convinced the Government of the gravity of the situation; for tentative efforts were soon after made to re-open negotiations. At first it was rumoured that Shen Pao-chêng, the new Viceroy of the Two Kiang, had been commissioned to approach the British Minister with this object; but a clear intimation was given that such a step would be useless unless his commission were really plenipotentiary; and this was seemingly not the case, as the Viceroy did not pursue his endeavour. Soon afterwards, however, it became known that the Grand Secretary Li Hung-chang had been delegated to re-open negotiations, with full powers to effect a settlement, and that a conference would shortly be held at Chefoo, between the two Ministers.

But it would not have been China, if a final effort had not been still made to escape this concession to the Barbarians. If Sir Thomas Wade

could have been induced to come to Tientsin to visit Li, instead of the latter going to Chefoo to approach the representative of England, the position would have been delightfully reversed, and a degree of prestige gained in the eyes of the Chinese, which would have gone far to compensate the Government for any substantial concessions it might afterwards be required to make. The usual device of a popular outbreak was resorted to. The "people" of Tientsin were moved to deter their Viceroy from adventuring into the hands of his enemies. Hints of forcible detention even were held out, and two Mandarins were despatched to beg that Sir Thomas would recognise the difficulty in which Li found himself, and come on to him instead of obliging Li to resist the demand of his subjects. The temptation however, to place himself in the position of a supplicant, by returning whence he had come to re-open negotiations which he had abruptly closed, was resisted by the British Minister; and the Chinese accepted the position. Li Hung-chang left at once for Chefoo, where he arrived on the 18th of August, and where he was joined almost simultaneously by Sir Thomas Wade. We have yet to learn from the Official Blue Books which will doubtless now soon be forthcoming, the details of the negotiations which ensued. Outsiders have, so far, been permitted only to view the full dress performance, and are ignorant of the preparatory struggles before the curtain was raised. There was however, no lack of spectators, of whom some may have been expected to exercise the privilege of habitués in obtaining a look behind the scenes. The Ministers for Russia, Austria and America, for North-Germany, Spain and France, all gathered at the little watering place to watch the course of the diplomatic duel and get the earliest information of its result. The whole were entertained by Li Hung-chang at a brilliant banquet, when toasts were drunk and amicable speeches interchanged; and the Grand Secretary himself visited the British iron-clad *Audacious*, whose powerful batteries he discharged by the electric appliances with which she is furnished.

Of how the negotiations were going on in the meantime, we heard only contradictory rumours to which it is unnecessary to refer. But at length, after a month's interested suspense, the news arrived that an agreement had been come to between the two Plenipotentiaries and signed by them on the 13th September, subject to the ratification of their respective Governments. This ratification was accorded at Peking four days subsequently, and the sanction of the British Government is believed to have been received by telegram immediately before the official publication* of the text.

The Convention is an embodiment and continuation of the political conditions insisted on by Sir Thomas Wade in the previous autumn, and lays down certain conditions for the extension of commercial intercourse. The great object which the British Minister had in view, as he explained in a subsequent speech at Shanghai, was how best to prevent the recurrence of outrages such as that to which the negotiations owed their origin. With this object it was stipulated that Li Hung-chang should address to the Throne a memorial reciting the circumstances of Margary's murder, and asserting the right of Foreigners to travel, and be protected,

* *N.-C. Herald*, October 12th, 1876.

throughout the Empire. This document, together with the Imperial edict approving the settlement and expressing regret for the occurrence, was to be embodied in a proclamation to be posted in every city, town, and village throughout the Empire. The right to send a Mission from India to Yünnan was re-affirmed, and the appointment of a British Resident in the province, and the opening up of trade across the frontier, were stipulated for. An indemnity was to be paid to the families of the officers and others killed in Yünnan, on account of the expenses occasioned by that outrage, and on account of various outstanding claims of British merchants. And an Embassy was to be sent to England, bearing an Imperial letter expressing regret for what had happened in Yünnan; the text of the letter itself having been submitted for Sir Thomas Wade's previous approval.—The second section tends to improve the conditions of official intercourse, and stipulates that measures shall be taken for the more effective administration of justice.—The third provides for the extension of commercial intercourse by the opening of the Yangtze to Ichang, with the additional riverine port of Wuhu in Anhwei, and the right of call for foreign steamers at two additional ports in Anhwei, one in Kiangsi, and three in Hukwang. Two additional ports are to be opened on the coast—viz., Wenchow in Chekeang, and Pakhoi in Kwangtung. The right of foreign goods to travel inland on payment of $2\frac{1}{2}$ per cent. transit dues, irrespective of ownership, is affirmed, and certain other points in connection with the transit system are more clearly defined. The right is conceded to the British Government of stationing a Consular agent at Chungking; and the intention is asserted, of sending a mission of exploration to India through Thibet. The exemption of foreign goods from lekin dues within the limits of the foreign Settlements is recognised; and a Commission is to be appointed to enquire into the blockade grievance at Hongkong.

Our purpose here is to record rather than to comment upon the incidents of the year. But we may remark that the points in the Convention which have been most keenly criticised, are the indemnity and the inferential recognition of lekin outside the Settlements, by the stipulation that it shall not be collected within their limits. It is admitted that the task of following the goods and endeavouring to protect them from *lekin*, in inland cities, would be exceedingly difficult; but the protest of illegality would operate as some check on exactions, while the implied recognition is an encouragement to taxation. The mention of monetary compensation in connexion with Margary's murder is condemned as a mistake, and the sum named is inadequate to meet the claims of British merchants alone arising out of the wrongful action of Chinese officers. Dissatisfaction is also felt by many, at the failure to trace the crime up to a specific source, and exact the definite punishment of some responsible individuals. But it is obvious that, if the assumption be correct that the inspiration emanated from Peking, this would be an almost impossible task; and the best course lay in exacting from the Imperial Government such reparation as could be fittingly exacted, and in requiring measures tending to remove the danger of such outrages for the future. The other stipulations have general approval, although opinions of course differ as to the probable extent of their value.

The negotiations ended, Sir Thomas Wade paid a short visit to Peking, soon afterwards returning to Shanghai, on his way to England. An appreciative address was presented to him on his departure, signed by a large number of residents. Sir Thomas left for England on the 23rd November.

The Chinese have since shown readiness to fulfil the conditions. The proclamation* stipulated for has been issued; and, so far as we learn, seems to be freely posted. The mission of apology left for England on the 1st December. A disposition has been shown to observe more courtesy towards foreign officials. Mr. Baber has left to take up his post at Chungking.

Immediately after the conclusion of the negotiations at Chefoo, the Chinese were required to enter upon a revision of the German treaty; and negotiations with that object are understood to be now in progress. Two of the points arranged by Mr. von Brandt have been already made public. *Lekin* dues on foreign goods within the Settlements at Shanghai are to cease immediately; and Drawback certificates are to be exchangeable for cash, at the option of the holder.

The first is, of course, a partial realisation of what was secured by the Chefoo Convention. Sir Thomas Wade stipulated that *lekin* should not be collected within the limits of the foreign Concessions at any of the open ports; but left the date for giving effect to that stipulation, to be fixed after the British Government had arrived at an understanding on the subject with other foreign Governments. Mr. von Brandt has expedited the application of the clause as regards Shanghai, and we are indebted to him for hastening even by a few months the extinction of a tax which has so long weighed heavily, and as we contend illegally, upon foreign goods. We are told that, in making this arrangement, the foreign Ministers have protested against the act being construed into a recognition of the legality of *lekin* elsewhere. We only hope that they see their way to make the protest of effect.

The new arrangement with regard to Drawbacks terminates what has been a constant source of complaint and difficulty for the last sixteen years. The treaty of Tientsin places no limitation upon the time within which duty may be recovered on re-exported goods; but, in the year 1860, for some occult reason, the then foreign Ministers sanctioned the restriction of the privilege within a period of twelve months, with reference to the port of Shanghai; and the Customs have ever since refused to grant drawbacks after twelve months, everywhere. The discussions which took place on this subject were terminated in 1872 by an agreement to accept 30 months as the period after which no drawback should be allowed; but this agreement fell through in company with the impracticable *lekin* and transit duty rules with which it was coupled. So matters stood when Sir Thomas Wade compelled the Chinese Government last autumn, in the agreement of Chefoo, to extend the period for the issue of drawbacks from twelve months to 36. Mr. von Brandt has now induced them to agree, farther, to the repayment of drawback duties in coin if the merchant desire. It has hitherto been the practice that a certificate merely should

* *N.-C. Herald*, November 9th, 1876.

be given, that such an amount of drawback duty was due, and that this certificate should be accepted at the Custom House in payment of import duty as occasion arose. Practically the system works fairly conveniently. Merchants get a drawback certificate one week, and tender it in payment of duty the next; so the privilege of receiving coin instead of paper will probably not be very largely availed of. It is, however, manifestly fair that when a man has paid money he should be entitled to get back money, and not paper, if he wishes; and this he will be entitled to do after the 1st day of the third year of Kwangsü—that is to say, the 13th February, 1877.

The opening of the little railway to Woosung claims a prominent place in the history of 1876; and the occasion is opportune to put on record the circumstances under which the project was conceived and carried into execution.

Every one knows that the Mandarins have always opposed railways, as they do any other innovation. To suggest the subject to them was simply to invite refusal; to urge the advantage that has resulted from their introduction in Europe was to evoke the reply that no doubt they are suited to the conditions of European countries, but they are not suited to China. It is an easy way of getting rid of the subject, and saves all trouble of argument and thought. At the same time, the Chinese people, though naturally sharing to some extent the characteristic exclusiveness of their rulers, are quite capable of appreciating the advantages of steam carriage when it is made patent to them.

It was with this conviction that certain gentlemen conceived the plan, a few years ago, of constructing a short railway from Shanghai to Woosung. It was useless endeavouring to obtain the formal assent of the Chinese authorities, but it was thought that a railway once constructed on land duly acquired by purchase might be tolerated, and serve as a model for the instruction of the people. The then Taotai of Shanghai, who chanced to be an enlightened and well-disposed man, was acquainted privately with the design, and said he would offer no difficulties during his term of office, but that he should be away before the enterprise was completed, and—*après lui le déluge*. Land was accordingly bought all along the distance between Shanghai and Woosung, of sufficient width to form a broad "carriage road," as the project was publicly called; and the land having been acquired and levelled, a company was formed for the purpose of laying a permanent way and acquiring the necessary stock to form a railroad.

By the end of June the line had been finished for one-half the distance, and the people showed such great interest in the work that it was determined to open it as far as the village of Kongwan, without waiting for the completion of the undertaking. On the 31st June, accordingly, the Managers invited as many of the ladies and gentlemen of the Settlement as the six carriages, which formed the total rolling stock of the Company, could accommodate. It is needless to say that every one accepted the invitation; and punctually at half-past five P.M., as we wrote in describing the event, "the first passenger train in China began to glide out of the station, amid the cheers of those assembled on the platform." The country people had become to some extent familiarised with the

sight, from the frequent passage of ballast trains during the few previous weeks, but a string of carriages crowded with foreign passengers was another startling novelty, and it was curious to see them cease from their labour and gaze with astonishment as the train passed by. The interest shown, however, was clearly in the sense of enjoyment rather than hostility. Kongwan was reached in seventeen minutes, and here the company alighting found an ample supply of champagne, which had been hospitably provided by the contractors to celebrate the event. After half-an-hour's stay, during which the whole proceedings were watched with intense curiosity by crowds of the neighbouring villagers, the engine was once more attached to the train, and in fifteen minutes the passengers found themselves back at the Shanghai Station.—The first railway in China had been opened!

For two or three following days, free trips were given to all the Chinese who could squeeze themselves into the carriages as the trains started from either terminus; but these were an inappreciable minority of the numbers who crowded to avail of the opportunity. Even when regular traffic was commenced, there was no falling off in the anxiety to travel. Every train was filled with excursionists who appeared to thoroughly enjoy the novel mode of conveyance. The enterprise, however, was not destined to continue working so smoothly: and we cannot do better than adopt the succinct narrative of the Shanghai correspondent of the *Times*, of the subsequent proceedings.

The local officials soon began to show active hostility, and within a month a man was run over under circumstances which were strongly suggestive of suicide, and naturally suggested a further suspicion that the officials might be privy to the act. At any rate, the utmost use was made of the accident. The Taotai made all possible capital of the case, and claimed life for life—the life of the engine-driver for the life of the victim. The idea of course was absurd, as it was shown at the inquest that the man had done all in his power to avert the accident; but the British Minister thought it well that the Chinese should be gratified with a formal trial, and, at his instance, a committal on a charge of manslaughter was applied for by the British Vice-Consul, who was present at the inquest. It is needless to say that the proceedings went no further than the Magistrate's Court. The driver was acquitted at once, but the hostility of the officials was in no way appeased.

In the meantime, it became known that the officials were contemplating a resort to their well-known recipe of a mob riot; the peasantry were to be incited to tear up the rails, and so accomplish the stoppage by violence; and in order, no doubt, to prevent a collision which would have rendered any subsequent arrangement more difficult, Sir Thomas Wade advised—with a force which of course, under the circumstances, amounted to a request—that the working should be suspended. The request was obeyed, and on the 24th of August the trains were stopped after about six weeks' active and remunerative work.

It was hoped Sir Thomas Wade would take occasion to settle the railway question at Chefoo, together with other pending difficulties; and though he did not make it the subject of a formal agreement, he expressed a sufficiently cogent wish to see the line working, to bring about that

result. The Grand Secretary, Li Hung-chang, seems not to have been opposed to the enterprise under certain conditions; the essential being that the line should pass into Chinese hands. But Li is only Viceroy of Chihli, not of Kiangsu; and though his position of Grand Secretary and his personal influence give him great weight in the Cabinet, the Government would not interfere decisively in such a matter, with the acts of a viceroy in his own satrapy. What Sir Thomas Wade did, was to persuade Li Hung-chang to memorialize the Throne to depute two officials of some standing to act in concert with Mr. Mayers, Chinese Secretary of Her Majesty's Legation (who was deputed by the British Minister for the purpose) in endeavouring to negotiate with the Viceroy some terms of compromise.

Mr. Mayers reached Nanking on the 20th October, in Her Majesty's ship *Curlew*, and was received by the Viceroy with all due courtesy on the following morning. The whole question turned on securing for the railway a new lease of life. His Excellency wished to buy it up and efface it, and would have agreed to almost any terms of purchase; but the same motive which inspired the enterprise required that every effort should be made to resist this extinction. The object of the promoters was to bring a railway under the eyes of the Chinese, and not to sell the plant at an immediate profit and retire. Nor was a proposal made by the Chinese to remove the line to Formosa, at all more acceptable. Banished to that island, it would have been as far from the eyes of the Chinese people as though it had never been constructed. There was no doubt it would have to be sold; it was on that condition only that Li Hung-chang's countenance was given to the scheme; and the position of the Railway was too assailable to make it possible to reject a compromise. The idea of extinction, then, was declared inadmissible, and the removal was objected to with equal earnestness. It remained to arrive at some understanding, if possible, for working the line, and two years was hinted as a possible period. The Chinese hinted at six months, and eventually halted firmly at a year. The rate of purchase was discussed collaterally, and it was eventually agreed that this should be fixed by arbitrators, of whom two should be chosen by the British Consul at Shanghai and two by the Taotai. These, then, were the terms eventually agreed on; the railway was to be sold to the Chinese, but to continue working for a year in the hands of the present company, and payment was to be made in four instalments, terminating at the end of the year, with the object,—of course, of giving the officials a colourable pretext for leaving the management in foreign hands.

The case of the man who was run over was also settled, on the basis of a money compensation, which is likely, however, to prove purely nominal, as the officials admit that they do not know who he was, where he came from, or whether he has any relatives in the world; in which case, of course, there can be no one to be compensated for his death. It was well, however, to remove the matter from the list of disputes, and there is a secondary advantage in the agreement to terms of compensation, which has not, perhaps, been quite appreciated. The Chinese have always hitherto insisted on a life for a life, and though, of course, their request would be ineffectual if it were opposed to English law, it may be

convenient, diplomatically, to refer to this precedent in case of future accidents.

In accordance with this agreement, the purchase money was eventually fixed at Tls. 285,000; and certain regulations* having been drawn up for the safer conduct of the traffic, the line was re-opened for traffic on the 1st December; and, except a passing misunderstanding with the country-people, who claimed the privilege of working on it within their district to the exclusion of outsiders, has since been working quietly and successfully. It is earning a remunerative income, and there is a very fair likelihood of its being continued by the Chinese after it has been finally handed over to their control. If this be so, the object of the promoters—that of introducing railways into China, will have been successfully accomplished; for we cannot believe that a practical people will be long satisfied that a means of locomotion so speedy and convenient shall be confined to the nine miles of country between Shanghai and Woosung. Sooner or later—and sooner, we confidently anticipate, than many people venture to hope—we look for the extension of the present railway to Soochow, and the further development of the system. If foreigners were allowed to prosecute the enterprise, next year might see the commencement of the undertaking. Chinese capital would be willingly offered, and Foreign money would not be wanting now the difficult first step has been gained. But the Chinese people do not trust their own Rulers; they will not attempt to make a line as a private joint stock undertaking, and the absence of this sense of security must militate to delay railway extension—unless, indeed, it be taken up as a Government enterprise.

The *Carisbrooke* case, which occupied a prominent place in our last retrospect, was settled during the summer by the infliction of a mitigated penalty of Tls. 5,000. It will be remembered that the *Carisbrooke*, a British steamer running between Singapore and Hongkong, was seized by the Chinese Revenue cruiser *Peng-chao-hai*, on the 12th June, 1875, for landing a few passengers who had with them twelve chests of opium, on the coast of Hainan. The charge was laid under Art. XLVII of the Treaty of Tientsin, which lays down that "British merchant vessels are not entitled to resort to other than the ports of trade declared open by this treaty. They are not unlawfully to enter other ports in China, or to carry on clandestine trade along the coasts thereof. Any vessel violating this provision shall, with her cargo, be subject to confiscation by the Chinese Government." The case was tried at Canton, before a Court composed of the Hoppo and H.B.M. Consul; and, as Sir Brooke Robertson demurred to the sentence of confiscation which the Hoppo held had been legally incurred, the question was referred to Peking; the ship being in the meanwhile released under bond, but the cargo detained in custody. At Peking, we believe, the British Minister also protested that the sentence of confiscation would be out of all measure harsh and unreasonable, in view of the trifling fault of which the *Carisbrooke* had been guilty, and in view especially of the fact that steamers had been doing what she had done, for a long time past, without interference. Eventually a fine of Tls. 5,000 was agreed on.

* *N.-C. Herald*, December, 1876.

It was admitted at the time, that the *Carisbrooke* was technically in the wrong, under the wording of the treaty, in calling at a place other than an open port; and it was not to be expected that she would get off scot free. We say technically in the wrong, because there can be no doubt Articles XLVII and XLVIII were framed to meet a totally different class of cases. They were not directed against regular traders which might touch at places on the coast not open by treaty; there was no coasting trade in those days, such as has now grown up; if there had been, and such a case as the *Carisbrooke's* had been foreseen, we may be sure that some provision or some penalty would have been arranged, of a very much less sweeping nature than the "confiscation" which is alone mentioned in the treaty. What the clauses were intended to prevent, was wholesale trading, such as a vessel freighted with opium making a special voyage to an unopened port, with the object of disposing of the whole cargo; a very different thing from a ship halting to land passengers who have with them a little cargo (in the present case ten chests of opium) in which the ship owners have no interest whatever. It may be questioned, therefore, whether the reduced fine of even Tls. 5,000 was not excessive, for a purely technical irregularity. But a harder penalty ensues in the *Carisbrooke's* case than even the fine of Tls. 5,000. The ship was released, under bond, soon after the Customs enquiry, but the cargo was kept possession of by the Customs; and was, we cannot doubt, very seriously damaged when it was eventually released after a year's detention. Here again we come back to the intention of the Treaty, which clearly was to attach cargo intended to be smuggled; but the cargo intended to be smuggled in the present case—if there were any such intention, even, on the part of the passenger owners—was only the twelve chests of opium landed at Hainan. The remainder of the freight was for Hongkong, Canton, and Swatow, and should, in all justice, have been released directly that fact was established. That it should have been treated otherwise, is an act of outrageous injustice to its perfectly innocent owners, who are punished by its detention and deterioration for a fault in which they had not the slightest share.—The altered conditions of trade have, in short, obviously made necessary some regulations defining the purport of the articles under which the *Carisbrooke* was accused, and which were evidently framed with an object quite different from that which they were, in the present instance, made to serve.

The case had, however, one good effect; it led to the immediate opening of Kiungchow, the capital of Hainan; which had been allowed to remain shut for sixteen years after its declaration as an open port by the Treaty of Tienstin. Kiungchow was formally opened on the 1st April, and experience so far has gone to show that it has good commercial capabilities. The import and export trade have rapidly increased with the facilities for carriage afforded by steamers; and it is thought the opening of Pakhoi, on the opposite coast of Kwangtung, will tend still further to develop the carrying trade by making it worth the while of steamers to ply regularly between Hongkong and the two Western ports. It has been suggested that the port of Hai-an, on the mainland on the opposite side of the Strait, might be usefully opened as dependency of Kiungchow, as Keelung is of Tamsui in Formosa, or Takow of Taiwan.

Hai-an is the shipping depôt for the sugar produced in the Leichow peninsula, which is its chief staple of trade, and if it were made a port of call steamers could pick up the sugar there at once, and the expense, risk and delay of bringing it across the Strait in junks, be avoided. In any case Kiungchow bids fair to do a fair business on its own merits; it is only to be regretted its opening was not claimed earlier, and such misunderstandings as that of the *Carisbrooke* avoided.

Another case which has been settled during the past year, is that of the German schooner *Anna*, which had been the subject of some angry negotiations both at Peking and with the provincial authorities of Fohkien. The *Anna* sailed from Amoy in September, 1875, with a cargo of sugar for Tientsin; but the Chinese mutinied on the voyage, murdered the master and mate, threw the bodies overboard and carried off the vessel to the island of Pih-seang. No interference seems to have been offered by the local officials, to whom it must have been patent that a Chinese crew could not be honestly in possession of a foreign ship; and when the facts had come to light and the German authorities claimed that justice should be done upon the offenders, great backwardness was still shown in bringing them to trial and in punishing the petty officials who had connived at the plunder. The German Government did well to insist on the authorities performing their duty in this respect, and it is little to the credit of the latter that so much pressure was needed to compel them to perform an act of obvious justice. Eventually four of the mutineers were arrested and three condemned to death; compensation for the ship and cargo was exacted, and satisfactory promises were given for the punishment of the petty officials.

The case was very similar to that of the British lorch *Mandarin*, whose Chinese crew murdered the master on her way from Chinking to Shanghai, in the year 1873, and carried off the vessel to Soongmen on the coast of Chekeang. Two Consular officers were despatched in search, and succeeded in discovering her traces, but the voyage was interrupted by the gunboat running short of coal, and the case seems to have been subsequently abandoned. Nearly three years after, evidence of the *Mandarin* having been seen at different times on the coast was placed before the British Minister, in a sufficiently definite form to require that a thorough search should be again instituted; and H.M.S. *Thalia* undertook, in January last, to carry out the purpose. She failed to discover the whereabouts of the missing vessel, but enquiries made at various points along the coast were pretty conclusive that she was afloat and trading in the hands of natives between non-treaty ports. As a consequence of discoveries made during the cruise, several men were arrested at Soongmen, who were shown to have been concerned in the disposal of a considerable part of the cargo; the chief purchaser in fact being a connexion of her lowdah. These men were taken to Ningpo, brought to Shanghai, and afterwards sent back to Ningpo, where all trace of them appears to be lost. We have heard nothing more of the matter for months past, and it seems to have been again allowed to drop just as success seemed within reach. The spasmodic and inconclusive proceedings of the English authorities in this case contrast unfavourably with the energetic action of the Germans, which secured satisfaction within eight months of the occurrence of the crime.

Another trouble connected with shipping, though of a different character, has occurred at Chinkeang. The Commissioner of Customs, or some member of his staff, conceived the idea in the early part of the year that the China Navigation Co.'s hulk was causing harm to the Bund, by directing the current of the river against its face; and an order was issued directing its immediate removal. A report obtained from a Civil Engineer, showing the impression to be totally unfounded, failed to hinder the decision; nor was the interference of H. M. Consul, who proposed a reference of the question to Peking, of greater effect. On the 20th May, an order was issued prohibiting the use of the hulk for the purposes of landing or discharging cargo, thus practically stopping the Company's business, as there is no other available site. Two officers of H. M. Navy were specially delegated to survey the spot, and agreed that the hulk was perfectly harmless: but that what was doing harm was a remnant of the old Bund Wall in its immediate vicinity, which did cause a deflection of the current against the Bund and ought to be destroyed. The Commissioner, however, was still obdurate, and one of the most tyrannical acts that we have lately heard of, remains unremedied. The claim of the C. N. Company for damages on this account alone would absorb a considerable portion of the Tls. 200,000 at which Sir Thomas Wade fixed the indemnity due from the Chinese Government under all heads, last autumn.

Serious outbreaks against missionaries and their converts occurred during the year, in Anhwei and in Szechuen, resulting in the latter case especially in much destruction of life and property. Early in the year, an address which report ascribed to the Literary Chancellor of Szechuen, was circulated among the literati, speaking against foreigners in language with which the pamphlet called "Death Blow to Corrupt Doctrines," the famous memorial of *Wojên*, and other similar effusions have familiarised us—and urging a *jehad* for their extermination. Hostile placards and assemblies followed quickly upon its promulgation, and hostile action against the Christian population as naturally followed these exhortations. The district on the north of the river, immediately opposite Chungking, seems to have been the especial theatre of disturbance.

Writing on the 24th April, our informant stated that 300 houses had been pillaged, demolished, or burned; that 14 Christians had been massacred, of whom two had been burned alive; and that even the pagans had had four men killed and some houses destroyed, for trying to help their Christian neighbours. So far from endeavouring to check these outrages, it is alleged that the Magistrate of Kiangpeh caused to be published on the 22nd April, to the sound of gong, that whoever aided the Christians should be treated like them. Nor had the Taotai of Chungking shown a greater inclination to restore order. He had issued no proclamation, nor taken any efficacious step for that purpose; the natural result being that the rioters thought the mandarins favoured them and grew in boldness. A rumour was even afloat that the Militia of Kiangpeh were to be assembled in arms, with a view to carry the attack into Chungking. But the townspeople were said to be alarmed at the prospect, and to be afraid that the rioters, in pillaging the numerous Christians of Chungking, might accidentally include some non-Christian houses in the programme. A meeting of notables was accordingly held, with a view to request the

Taotai to do his duty and protect all alike from further outrage. In the meantime, business was suspended, strangers being frightened at the rumours which were travelling far and wide in the province. For, at a distance, it was reported that Chungking was already besieged by the insurgent rioters.—For some time longer the outrages went on; but eventually, the representations made at Peking by the French Minister impelled the Central Government to interfere. The *Peking Gazette* of Oct. 28th contained an edict directing the officials to do their duty; and as we have not heard lately of further trouble, we presume order has been restored.

The disturbances in Anhwei broke out later in the year, and appear to have been connected with the extraordinary "Paper-man" excitement which we described under our Political heading. The outbreak is attributed to the machinations of a military mandarin (who had also a literate degree), named Fang Tong-lin. He commenced by giving expositions of the famous edict of Kang-hi, and invented the term "Shen-jen Kiao," or "Religion of the Holy Man" (Confucius), in opposition to that of "Tien-chu Kiao," or "Religion of the Lord of Heaven," which is the common appellation of the Roman Catholics. He put forth placards bearing also the inscription "Tien, Ti, Kian, She, Tsin"—Heaven, Earth, Emperor, Master, Parents, as a brief summary of principles. These were largely circulated, and favours and protection were promised to those who joined the sect, while wrath was threatened against those who adhered to Christianity. If this man was the head, a Honan man named Ho-kiu seems to have been the hand of the conspiracy. It would take too long to explain the steps by which he worked up the excitement that culminated in the outbreak. The tales of paper-men, tail-cutting, and other sorceries, were cleverly applied to the missionaries and their followers; and with a band composed principally of Honan men, Ho-kiu perpetrated, on the 13th of July, a hideous outrage at Lotsen. A (Chinese) priest was murdered; the body was stripped, mutilated, and burnt; and two of the catechumens were also assassinated. The girls in the school on the mission premises were distributed among the chiefs of the band, and the church was pillaged and partly destroyed. The school also was burned. But here we come to one of those curious circumstances which seem always to furnish a sort of excuse for the extraordinary tales which are from time to time circulated about missionaries and their converts. Before the fire, Ho-kiu found, in a chest, some paper figures of angels, which the native Christians have a custom of attaching to branches of fir or palm, on Palm Sunday. These were, of course, a great "find." He carried off the box, added a queue to its contents, and then spread the report that he had found on the mission premises these terrible papermen which caused so many disasters; and the queue enclosed in the chest was of course convincing proof of the guilt of the priest Wang, who had been murdered.

The riot at Lotsen was only the first of a series. Converts were massacred, or had to fly to the hills; their houses were pillaged, churches were pulled down. The Mandarins were inert in the face of the storm, either sympathising with the rioters or not caring to attempt to stem the current. Fang Tong-lin caused a proclamation to be widely posted,

exhorting the Christians to repent and renounce the religion they had embraced, if they cared for life. A number of the catechumens listened and recanted; but the older Christians remained firm. The tail-cutters were active, appearing before the Mandarins and accusing the missionaries of having paid them to exercise their turbulent industry. The climax was at Shooytong, which was the missionary head-quarters of the district. There was the general depôt of the matériel of the Ning-kwo district—library, chapels, furniture. On the 24th of July, the Shooy-tong establishment was razed to the ground. The buildings were pillaged, and their very foundations disappeared. Among the plunder was a pillow, stuffed with hair, which was of course declared to be a collection of the hair of queues cut off by the missionaries and their agents! The body of a child who had been killed by some malefactor was lying in one of the rooms, and was of course declared to be there for the purpose of furnishing medicine and sorcery. In a corner of the garden was the coffin of an Italian priest. This was torn open; the body stripped, decapitated, and given to the dogs. But it is sickening to enumerate the atrocities committed under the eye of officials who seem not to have lifted a finger to stay the riots. The active representations of the missionaries, of the French Consul-General, and of the French Minister, at length induced the higher authorities to bestir themselves in the matter, and order was restored, the damages were made good, and the priests re-instated.

General. The past year has witnessed several changes among official residents. Sir Edmund Hornby, who had landed in Shanghai eleven years previously, to found Her Britannic Majesty's Supreme Court of China and Japan—retired in May, at an unusually early age, to enjoy the handsome pension awarded to him after long and varied service.—Three months later, the Consular service lost one of its members by the death of Mr. William Hyde Lay, who had for some time filled the post of H.B.M. Consul at Chefoo. Mr. Lay died at the early age of forty years, twenty-three of which he had passed in the Consular Service.—And later on, at the close of 1876, Mr. Walter Henry Medhurst, whose name had so long been a household word in China, left us, happily still in the enjoyment of full health and strength, to take in England the rest which he had so well earned by thirty-six years of active service. Mr. Medhurst's name has been associated with many of the prominent incidents of British intercourse with China since the campaign which resulted in the treaty of Nanking and the opening of Shanghai and four other ports to British trade; and those who know him best have always given him credit for having the best interests of his countrymen at heart, and striving to the utmost of his power to enforce their treaty rights against the "fanciful, shifty and obstructive" policy of the native officials with whom he was called on to deal. Mr. Medhurst's departure was sincerely regretted by the large majority of foreign residents in Shanghai; and a valedictory address and handsome testimonial were presented to him on the occasion.—Earlier in the year, the Consular body had suffered another loss by the removal of Mr. George F. Seward, who had for many years held the post of United States Consul-General at Shanghai, and who was promoted to the post of Minister at Peking, vacated by the death of Mr. Avery. Mr. Seward was succeeded by Mr. J. C. Myers.—Sir Thomas

Wade left for England at the close of November, and the occasion was taken, at Shanghai, to present him with an address expressive of the high respect which his countrymen generally entertain for his marked ability and erudition, however much they may differ from the political views which seem too often to leave undue latitude to the vexatious policy of the Chinese.

Besides the Convention of Chefoo, two new treaties have been made public during the year, tending to improve commercial intercourse in the Far East—viz., the French treaty with Annam, which opens the ports of Hanoi and Haiphong in the Gulf of Tonquin; and the Japanese treaty with Corea, which opens to Japanese trade several ports in that hitherto secluded country. It remains to be seen whether other nations will follow the lead of Japan in seeking intercourse with this remote people. It seems, at present, to be a very moot question whether the game is worth the candle, whether the country is not too poor to be worth the endeavour to open up commercial relations.

A serious drought which prevailed during the summer over a great portion of the north of China, has resulted in a scarcity growing over large areas into actual famine. Large districts of Chihli, Shansi, Shantung, Hoan, and the north of Kiangpeh are suffering. Numbers of the population have collected round the great cities where there exist means for their relief, or have migrated to the more prosperous districts south of the Yangtze. The distress among those who remain is spoken of as terrible; and the mortality even among those who are in some measure cared for by the authorities, is said to be very serious in the Northern districts. Those who have come south of the Yangtze fare better; the lesser severity of the climate renders their suffering less severe; and though the modicum of shelter and food provided for them is small, it is sufficient to keep life in them till the return of spring. Foreigners have contributed freely to alleviate the distress, and considerable sums have been entrusted to the missionaries, especially in Shantung, to relieve the prevailing suffering. Heavy snow-falls during the winter have remedied the drought of the previous summer, and inspired hopes of a good harvest during the ensuing season.

The fluctuations in the value of Silver during the year have been amongst its most notable incidents, and, having thoroughly puzzled experts during its course, leave them in nearly equal uncertainty at the close. Opening at 5s. 7 $\frac{3}{4}$ d. to 5s. 7 $\frac{1}{2}$ d. for six months' sight bills, by the first mail in January, the rate of exchange fell to 5s. 0 $\frac{1}{2}$ d. in the middle of July, recovered to 5s. 10 $\frac{1}{4}$ d. towards the end of August, fell again to 5s. 1d. towards the end of September, and rose again to 6s., which however it touched only for a few minutes, in the middle of December; closing finally on the 28th December at 5s. 7d., or within $\frac{1}{2}$ d. of the opening rate of the year. The fact seems to have been that the demonetisation of silver in Germany, coupled with exaggerated reports of the yield of the California mines, created a panic which led to unjustifiably low rates, from which there was a natural rebound. The tendency seems now to be to settle down to a moderate rate, and general impression points to 5s. 6d. as a probable minimum.

The New Hospital building has been finished during the year, and opened for the reception of patients. There is accommodation for about 60 beds; but the whole of the lower area, which is at present not utilised, could be closed in and made available for the reception of patients, in any emergency. The building is still Tls. 13,000 in debt.—The Polytechnic Institution for Chinese has also been completed and opened during the year. It is Tls. 1,000 in debt, and does not seem to attract the interest which its projectors had hoped to see shown in it. Deficiency of funds to complete its furniture and equipment have no doubt something to do with the cold and deserted appearance which it actually bears.—A Chinese Professorship has been established at Oxford, and Dr. Legge has been installed in the chair; but no pupils seem yet to have presented themselves to be enlightened in Chinese lore.

We mentioned in our last retrospect, that two Chinese papers which had been started in opposition to the *Shunpao*, had successively collapsed. A third was begun towards the close of '76, under the immediate auspices of the Taotai, who is said to take a personal and pecuniary interest in its fortunes. It has introduced the new feature of giving every day a paragraph in English, which is sometimes instructive but as often rapid. The *Sinpaio* is not generally considered a very excellent production, and has a circulation we believe of hundreds only against the *Shunpao's* thousands.—Chinese literature, or rather literature relating to China, has been enriched during the year by an essay from the pen of Sir Charles Dilke, couched in the usual philo-Chinese vein. It is worth recording that Sir Charles Dilke landed in Shanghai in the course of a trip round the world, on the morning of the 11th November, 1875, and left by the French mail at noon on the following day. This flying visit of course made him master of the situation, and enabled him speak with authority on China, as having recently visited the country, when next the subject came within his reach in England.

Several meetings were held in the autumn, to discuss the form of a memorial to Mr. Margary; but no decision was come to; many of the subscribers being dissatisfied with the modest form the subscription had hitherto taken, and desiring to make wider efforts to increase the funds at disposal.

Hongkong has entered the Postal Convention, a step which will have the effect of greatly cheapening postage to foreign residents, at some cost to the revenues of the colony.—On the 4th July, the Americans in Shanghai celebrated the Centennial Anniversary of the Independence of the United States by a social excursion in one of the S. S. N. Company's steamers, and a fête in the evening at the American Consulate. Similar celebrations were had at various other ports, notably at Tientsin and Hankow.

Municipal affairs have gone on smoothly during the year. A test case as to the power of the Council to levy the tax on merchandise was settled in its favour by the withdrawal of the defendants from the suit; and in other respects the history of the year has been very uneventful.

1877

Political. By far the most important incident in Chinese domestic affairs has been the famine which, continually spreading in extent and severity, threatens to partially depopulate large areas in the Northern provinces. Shantung, which suffered so terribly last winter, appears to be at present in better circumstances; but Shansi is suffering more severely than did, last year, its sister province; and the drought which deprived its population of the means of subsistence has prevailed also over the greater portions of Shensi, Chihli and Honan. The Government has been roused to unwonted exertion by the magnitude of the calamity; decree after decree has appeared in the *Peking Gazette*, appointing special commissioners and urging the local officials of the distressed provinces to take measures for the relief of the sufferers. Large quantities of grain and sums of money considerable for so poor a Government, have been appropriated. But the organisation of the Chinese Government is utterly inadequate to cope with a disaster of such magnitude, and the want of roads opposes most serious difficulties to the transmission of such relief even as it is able to afford. The sums officially allotted scarcely equal the total even of those subscribed by private charity in England for the relief of the famine in India; and it is beyond hope that the private subscriptions, which here also are not wanting, can have reached a tithe of the amount which the Government of India has expended in grappling with a visitation less wide in its range than that under which China is now suffering. It is to be feared that terrible loss of life will have to be recorded before the advent of summer can cause the earth to yield its accustomed crops; and the sufferings of the people in the meantime must be sadly aggravated by the rigour of a winter more severe than we have experienced since the season of 1861-2. With all this distress, however, we hear of no political disturbance, and of very little brigandage. Probably, indeed, the distress is so great, the country so utterly bare of food, that the people could not congregate and move about in bodies even if they were so inclined.

Amid all this distress, however, the Government has found means to carry on the war in the North-West, and its generals have lately achieved some signal successes. The capture of Manas in the late autumn of '76—news of which had not yet reached us when writing our Retrospect of that year—was followed by a temporary lull. During the past summer active operations were resumed; and after one severe defeat at Harashar, which the Mahomedans were apparently not a position to follow up, the Imperialists seem to have recovered themselves and made a dashing advance into Kashgaria, as far as the cities of Aksu and Ushi, some 700 miles beyond their base of operations at Turfan. It is said that the treachery of Hakim Beg,—whom rumour accuses of having poisoned the

late Ameer, Yakoob, with a view to usurp the reins of Government—has greatly facilitated this advance; that, finding himself unable to make head against the son of his late Ruler, this chief surrendered the districts he occupied to the Chinese, before seeking refuge in Russian territory. Such action would be consistent with Oriental policy, and would help to account for General Liu Kin-tang's daring advance into Kashgaria.* There can, at any rate, be no doubt that the dissensions which followed the death of the late Ameer greatly facilitated Chinese operations. It remains to be seen whether Kuli Beg has the power or the energy to avail himself of the opportunity to strike a blow at their communications, which might convert the successful raid into a crushing disaster. The expenditure entailed by this war has been a drain upon the resources of the Empire, which they are ill able to bear. Time and again reference has been made, in memorials from Provincial Governors, to the difficulty found in supplying the required contributions; and even absolute inability is sometimes pleaded.

A foreign loan of £1,600,000, equalling about Tls. 5,000,000, was resorted to as a partial relief to the Viceroy Tso's embarrassed finances; and after prolonged negotiations, having for their object to obtain from the Imperial Government effective recognition and security, it was successfully floated, through the Hongkong and Shanghai Bank, in December. The loan is secured on the revenues of the Shanghai, Hankow, Ningpo, Foochow and Canton Customs, and was issued to the public at 98 and interest 8 per cent. The operation must have been an expensive one for the Government and a profitable one for the Bank, which receives 10 per cent., while paying 8, and makes besides a handsome profit on the exchange. Declining, moreover, equally with the Bank, to take the risk of exchange in respect to repayment, the Government allows a large sum to Wu Sing-nan, a great Hangchow banker who has acted as its financial agent in the transaction, and who takes for this consideration a risk which seems quite likely to be a profitable one.

But though willing to borrow money from others, the Chinese Government declines to coin any of its own. It has bluntly and absolutely rejected a suggestion said to have been made to it conjointly by the foreign Ministers at Peking, in favour of establishing a Mint and a civilised coinage. It will be remembered that a hint was given by the Chairman, at a late meeting of the Chamber of Commerce, that the Government was believed to be well disposed towards the establishment of a Mint, and that an expression of opinion by the Chamber would strengthen the hands of foreign Ministers in advising that course. Now, however, that the advice has been at length given, the hope turns out to have been utterly fallacious. Two things are, above all, necessary to maintain the purity of a coinage—excellence of workmanship, and a sufficiently strong and far-reaching executive to detect and punish forgers. China enjoys neither condition. Her previous attempts at coinage have been made by casting; and of course afford a premium for imitation which the Government is too weakly organised to repress. The skill could be procured from Europe, if China were not too jealous to employ it; and perfection of workmanship is in itself a great safeguard against

* *V. N.-C. Herald*, 17th January, 1878.

forgery : but the improved administration of the law, which would repress such attempts, is less easily supplied.

The obstinacy or conscious impotence of the Chinese Government in this respect, as in that of railways, contrasts strangely with the enterprise of Japan. While Peking Statesmen refuse to entertain the idea of a Mint, and decree that the people shall be satisfied with wretched little coins of which 1,200 barely equal the value of a dollar, Japan has successfully introduced all the machinery and appliances for the most elaborate minting processes. And having engaged European artificers and teachers to found the institution, she has learnt from them, and succeeded now for some years in carrying on the coinage independently and in maintaining a perfectly high standard of purity and excellence. Similarly, Japan has accepted, extended and successfully worked a railway system, while Chinese Statesmen have covered themselves with eternal ridicule by tearing up the little nine-mile railway which foreigners had constructed for their enlightenment between Shanghai and Woosung. Our last Retrospect explained the terms of the agreement come to between Mr. Mayers and the Viceroy Shên Pao-chên, in the autumn of 1876, at Nanking. The railway was sold to the Chinese for a trifle over the cost price, and was to be at their entire disposal at the expiry of a year from the date of the understanding. It was hoped that the success and evident appreciation of the undertaking shown by the natives, and, above all, the force of custom, would have ensured its continuance. But Shên Pao-chêng decreed otherwise. The affair seems to have been left in his hands, as an incident within his discretion as Viceroy ; and he has carved for himself a name in history by tearing up the line, for transfer to his more enlightened colleague Ting Jih-chang, Governor of Fohkien, who purposes to establish it in Formosa.

The empty talk of progress which philo-Chinese are always found to put forward, falls flat in face of damnable fact. If the Woosung railway had continued running to the present day, we should have thought better of the mining projects expressed in a pamphlet published last autumn by the manager of the China Merchants' Steamer Company, Mr. Tong King-sing. We give credit to this gentleman himself for an enlightenment due to his Singapore education ; we believe even that his patron, Li Hung-chang, is in favour of the introduction of foreign appliances in the shape of machinery and tramways for the purpose of developing the mineral resources of the Empire ; but even the Grand Secretary is hampered by the instinctive jealousy of foreigners which weighs like an incubus on even the most enlightened of his class ; and he is absolutely controlled by the mass of solid stupid sulky conservatism which distinguishes the greater number of his colleagues and finds expression in such acts as that of the Viceroy Shên Pao-chêng.

Only in Formosa—which, as an out-lying island, seems to have been selected as a sort of *corpus vile* on which experiments may be made without detriment to the sacred soil of the mainland—have such pestilential abominations as telegraphs, foreign mining engineers, and, prospectively, the iron road and locomotives found toleration. English miners are employed in the mines at Kelung ; a line of telegraph has actually been erected in the island under the auspices of Ting Jih-chang ; and the same high

official has taken over Shên Pao-chêng's condemned railway with the object of replanting it on his island dependency. Let us hope that this small spot of leaven will gradually leaven the whole lump.

The mainland has not yet got beyond arsenals and steamers; and if these can be considered in one way evidences of progress, in another the picture is qualified by a strong dash of retrogression. The primary object of the arsenals was to acquire arms with which to repel foreign intrusion, and the steamers were bought to drive foreigners off the coast by a competition which should render traffic ruinous. So far, their success has not been great. Instead of killing their English rivals, the China Merchants S. N. Co. have reduced themselves to a state of weakness which has obliged them to make an agreement with the China Navigation Co. to share the carrying trade.

One sensible improvement has been the introduction of steam launches instead of the old gunvessels, on the rivers of Kwangtung. But this again is not a measure of progress tending to develop the resources of the country, as would be done by the opening of mines and the introduction of railways and of merchant steamers on inland waters; though it certainly strengthens the hands of the executive by furnishing a more efficient police.

One measure which was forced on them by Sir Thomas Wade, the Chinese do seem to have accepted frankly and to be willing to extend; that is the system of foreign embassies. Required to send an envoy to England, they have since voluntarily sent representatives to Berlin, Japan, and America; and we can scarcely doubt that a country with which they have such delicate relations as France—through her protectorate of Roman missions—will soon be similarly distinguished. These envoys must eventually exercise a marked influence on the tone of their colleagues in China. Not from the deceptive mouths of foreigners, but from the lips of their own confrères, will these at last hear described the civilisation, wealth and comfort to which Western nations have attained, by the aid chiefly of those scientific appliances which it seems to be the great anxiety of Chinese statesmen to repel from their shores. Slowly, perhaps, but surely, the leaven must tell, and the way be opened for the improvements which would raise China and her industrious inhabitants to a high scale in wealth and comfort.

With the introduction of more rapid means of communication, and the dissemination of newspapers, cases of oppression and misgovernment such as are too frequently recorded in the pages of the *Peking Gazette* would become less and less possible; and such visitations as the famine which is now devastating whole provinces of northern China would be infinitely mitigated in severity.

Foreign Relations. The year has been an uneventful one as regards foreign relations with China; the only noteworthy incidents arising from the gradual carrying into effect of the Chefoo Convention. His Excellency Kwoh Sung-tao arrived in England in the course of January, and had an early audience of the Queen to present the Emperor's letter of apology for the Yünnan outrage. More recently he has presented his credentials as resident Ambassador. He has travelled and seen much since he left China, and to judge from the specimens which have been made public

of his comments on men and things, his experience has not been thrown away. Kwoh is said to have been instructed, when he left Peking, to keep a journal for transmission to the Tsung-li Yamên ; and the first section of this was sent out in the spring, and printed for circulation in the provinces. But a Censor is said to have stepped in with a remonstrance that the whole tendency of the pamphlet was to exalt foreign nations at the expense of China, and to have procured its seclusion. The incident is a compliment to Kwoh's honesty, and a further confirmation, if such were wanted, of the wilful conceit and blindness of the Chinese *literati*. It is regrettable that the Tsung-li Yamên should have yielded to the pressure ; but the heaven must work, notwithstanding their opposition. The truths which Kwoh has told, and the facts which he and his suite will have to relate on their return, must influence the minds of his countrymen in their own despite, and influence them more stongly than the persuasion of foreigners, because they cannot be accused as interested.

The Chinese have further carried out their share of the Convention, by opening the four new ports of Ichang, Wuhu, Wênchow and Pakhoi, and publishing trading regulations for the ports of call on the Yang-tsze. Very little disposition, however, has been shown by foreigners to avail themselves of the new opportunity. It was not to be expected that merchants would rush to the new ports as was done at the opening of Tientsin and Hankow. The places now opened to foreign trade are of less importance, and experience has shown that the value of the outports is rather as affording fresh points of contact than as affording remunerative business to resident foreign merchants. They enable foreign merchandise to be laid down nearer the door of the consumer, at a cheaper cost therefore as regards freight than if they were subjected to various transhipments, and with a greater certainty of escape from *lekin* taxation in transit than when they are travelling in native bottoms. But instead of buying on the spot from foreign merchants, the native dealers are tending more and more to go to Shanghai to make their purchases, availing themselves only of the machinery of steamer transport to lay down their goods at their own place of trade. Still, even taking all these circumstances into consideration, it must be admitted that the opening of the new ports has fallen remarkably flat. It might have been expected that two or three foreign houses would have been at once established, at each of the three new ports in which Shanghai is interested ; but Wênchow seems, as yet, to be the only place at which the experiment has been made. Of Ichang we know as yet very little ; its chief value lies probably in its being the head—so far at least as the present class of steamers is concerned—of the navigation of the Yangtze. Shase, a little lower down the stream, which is made only a port of call, seems to be the chief place of trade. But we may take it for granted that steamer agencies will shortly be established at Ichang ; and we shall gradually learn more about its capacities. Wênchow and Wuhu, however, seem to be the natural outlets for fertile and well-watered districts ; and might become places of considerable trade if foreign energy and capital were brought to bear upon their development. Clearly they are not places where foreigners can expect to go and pick up a business ready-made. They are not places where those who have been unfortunate elsewhere can hope to rapidly retrieve their

fortunes. They are sites of a considerable native trade ; but if this trade is to be developed so as to be of value to foreigners, capital and energy are required, to collect produce which used to permeate through other channels. Both are natural outlets for tea-producing districts ; but such teas as now find their way to foreign markets do so through other channels, to Foochow, Ningpo, and Chinkeang. In the past year these teas had been already contracted for, and followed their old routes. If foreign capital is employed next season, they can probably be collected at the new emporia ; and will presumably be laid down there at a cheaper price, in view of the shorter distance to be travelled. The opening of Pakhoi is perhaps more important, happening as it did nearly coincidentally with that of Kiungchow in Hainan, and that of Haiphong in Tonquin. The three ports together afford opportunities for an all round carrying trade which encourage steamers, and the facilities of carriage thus afforded are the best guarantee for the development of whatever trade the newly-tapped districts may afford.

Under the clause allowing the British Government to send officers to Chung-king to investigate the conditions of trade in Szechuen, Mr. Baber started for that province early in the year, and his arrival was signalised by the issue of a proclamation explaining the circumstances of his visit, and warning the people not to behave rudely to him nor do him injury, either at his residence or during his visits outside ; he had come for purposes of commerce, had no connexion with missionary enterprise, and people were therefore not to be alarmed by his presence. And the instructions seem to have been fully obeyed. Whether owing to the proclamation, or to Mr. Baber's own tact, or to the native good sense of the Szechuenese, he seems to have travelled far and wide in the province without molestation ; and Mr. Gill, who accompanied him on his journey, has passed through Yunnan, crossed the frontier at the scene of the late outrage, and arrived safely in British Burmah.

But while the major portion of the Convention has been thus given practical effect, nothing has been done towards settling the points which were left open by that agreement for future decision. The British Government has not sanctioned the new arrangement in regard to opium. The Commission has not yet been appointed to enquire into the Hongkong complaint of interference with its trade by the Cantou Revenue cruisers ; nor, except in the case of Shanghai, has the stipulation for the exemption of foreign imports from *lekin* within the boundaries of the foreign Settlements, been yet given effect. However useful in itself, the value of this provision was more than neutralised by the unavoidable corollary that, if a special provision was necessary to prevent *lekin* being collected in the Settlements, the Chinese were at liberty to collect it outside of them. This inconvenience must of course have been patent to Sir Thomas Wade, and the reason why he agreed only, as in the case of opium, "to move" his Government to consent to the restriction. It is believed, however, that the other foreign Ministers demurred to a concession so obviously retrograde, and this is probably one reason why the assent of the British Government has been withheld also from this stipulation. In the meantime, at the instance apparently of the German and the United States Ministers, the exemption has been put in force so far as the Foreign Settlements of

Shanghai are concerned, without prejudice to the ulterior claim. The effect of this exemption has been good, and is fully explained in the commercial section of our Retrospect.—In other respects, revision of the German treaty, which has been under the consideration of M. von Brandt and of the Tsungli Yamèn during the past year, does not seem to have made much progress.

The Spanish Minister has succeeded in negotiating a treaty with China during the past year, the precise terms of which have not yet transpired.—Practical effect has also been given to that negotiated some time ago by Dr. Elmore, for Peru, by the inauguration of a system of emigration to the latter country, under the auspices of Messrs. Olyphant & Co.

The demonstrations of hostility to missionaries, which assumed such serious proportions in 1876, have been much less frequent or important during the past year. In fact, an attack upon two Protestant missionaries in July last, at Wuchang, is the only serious offence of the kind we have had to chronicle. A missionary was walking in the neighbourhood of the parade ground, where a number of students were practising archery. No sooner did the foreigner appear in sight than a band of these restless spirits made a sudden onset upon him by means of their favourite mode of attack, a shower of stones. Closely pursued, the gentleman thus assailed took refuge first in a garden, and then in a house, whose friendly doors were thrown open to him. But the mob commenced pulling down the walls about the heads of the inmates, and the foreigner was compelled to leave the place. After a while he reached home seriously bruised and wounded, having two of his front teeth broken, and attired in the dress of a friendly Chinaman, his own clothing having been torn to shreds. Meanwhile his colleague, hearing news of the attack, had left the Mission House to go to his friend's assistance. Upon his coming into sight, the brave young defenders of their country commenced a second attack with renewed vigour. Expostulation was useless, and this gentleman was compelled to seek shelter in a police station near at hand. But the doors were almost immediately broken open by the mob, and the missionary was struck to the ground by a blow from a heavy beam, which resulted in fracture of the shoulder bone together with other serious injuries. The matter was taken up by H.B.M. Consul, and after much pressure twenty-nine men were arrested, of whom eight were proved to have been participators in the riot. The question of their punishment was referred to Peking, and we have not heard what was the ultimate decision. It was, however, almost a sufficient punishment that the culprits should have to endure for months the horrors and indignities of a Chinese prison.

We referred last year to the piracy of the lorcha *Mandarin*, effected by her Chinese crew as she was on her way from Chinkiang to Shanghai, in 1873. Various inconclusive attempts had been made to trace the vessel; and all hope of discovering her had been well-nigh abandoned,—when, in April last, a foreign pilot thought he detected the lorcha, in Chinese disguise, at the newly opened port of Wênchow. He reported his conviction to the Acting Consul, Mr. Warren, at whose request the Taotai seized the vessel till further enquiry could be instituted. Mr. Main (the brother of the late owner) was requested to come down and inspect her; and the result

of his examination perfectly convinced him that she was the veritable *Mandarin*. Great pains had been taken to disguise her, but men who have been familiar with a ship are not easily deceived. A pilot and a Custom-house officer now stationed at Wênchow recognised some chequered work in the cabin floor and fittings. They knew it well, having been often on board with the late Captain; and Mr. Main himself identified the foreign work of the hull and the old canvas sail which, although much worn, was still the original one. The absence of any trustworthy papers, and the inability of the present owner to give any plausible account of how she came into his possession, afforded strong corroborative evidence of the identity of the vessel. It is little to the credit of the Chinese authorities that they should have allowed a vessel after which this hue and cry was raised, to trade for four years on the very portion of the coast where her presence had been so often accused, and where they had been again and again requested to search her out. Even now this discovery has been made, however, the matter seems again stagnant. It was referred to Peking, and nothing of course has been since heard of it!

General. We mentioned in our last retrospect, that the severe competition between the Shanghai Steam Navigation, the China Navigation, and the China Merchants' Steamer Companies for the trade of the Yangtze, had resulted in the sale of the former to the native Company. The purchase money for the ships, plant and property was Tls. 2,000,000, of which one-half was to be paid before the end of February, and the remainder by instalments extending over five years. A special meeting of shareholders was held on the 15th January, at which these arrangements were sanctioned; and on the 1st March a portion of the Kinleyuen wharf and eleven of the steamers were transferred to the Chinese flag. All the remainder, except the *Honan*, have since followed, as subsequent payments on account have been made; and this steamer and a portion of the real estate only are now retained by the S. S. N. shareholders as security for the remaining instalments.

The Directors of the Chinese Company celebrated their acquisition, in language which was justly criticised, as a stride towards the exclusion of foreign ships from the coasting and riverine trade. This was the avowed policy of its patron Li Hung-chang, at the outset of the project, and was affirmed in the Directors' report of the transaction in language which ignored the existence, to say nothing of the power, of the China Navigation Company as a rival. A year's experience, however, induced a remarkably altered tone. The Directors admitted, in their last report, that the severe rivalry they had experienced had prevented the realisation of the expected profits, while their balance sheet showed that they had failed to attract new shareholders, that they were working with a very large proportion of borrowed capital, and that they had not yet been able to write off anything to depreciation of their fleet. At the close of the year, however, the suicidal competition which had been maintained was closed by an agreement between the two companies to revert to the rates which had previously been in force when the S. S. N. and C. N. Cos. practically shared the Yangtze traffic. The year, therefore, opens with better prospects for both;

though the re-appearance of the small steamers which used to annoy the great companies, in the old days of higher freights, is seriously threatened.

We remarked last year, in connexion with the Yangtze traffic, upon the tyrannical interference by the Harbour Master at Chinkiang with the China Navigation Company's hulk at that port, which was alleged on most imperfect testimony to be causing harm to the Bund by directing the current of the river against its face, and the removal of which was imperatively ordered, to the serious inconvenience of the Company's traffic. The matter was eventually referred to Peking, and the hulk has been allowed to resume its place ; we do not hear that the question of damages sustained by the Company, on account of the interference with their traffic, has been yet settled.

The year has passed without any attempt to improve or even to conserve the channel of the Hwangpoo, the deterioration of which is becoming a serious menace to the interests of the port. Valuable suggestions have been made by two Dutch engineers, Messrs Escher and de Ryke, by Major Bridgeman, R.E., and by Mr. G. J. Morrison, C.E., for an improvement of the river in its lower sections, by which it is thought that the deterioration of the upper channel would be checked ; but nothing is done, though the paramount necessity for dredging, more especially at Pootung point and other places opposite the foreign Settlement, is patent to the most casual observer.

We have commented elsewhere upon the destruction of the Woosung Railway which, under the circumstances, assumed the proportions of a political act. It is satisfactory to learn, however, on apparently good authority, that the line will be left open as a road, though not as a railway. What measures, if any, will be taken for its repair, we have yet to learn. The value of the line is far greater in either capacity to Chinese than to foreigners, as the traffic in that direction between Shanghai and the large villages along the road to Woosung is very considerable. The Viceroy Shên had however shown so much hostility to roads, even refusing to allow a small extension of the pleasure roads in the immediate neighbourhood of the Settlement, that it had been feared he would go the length of relegating the very soil of the railway back to purposes of agriculture.

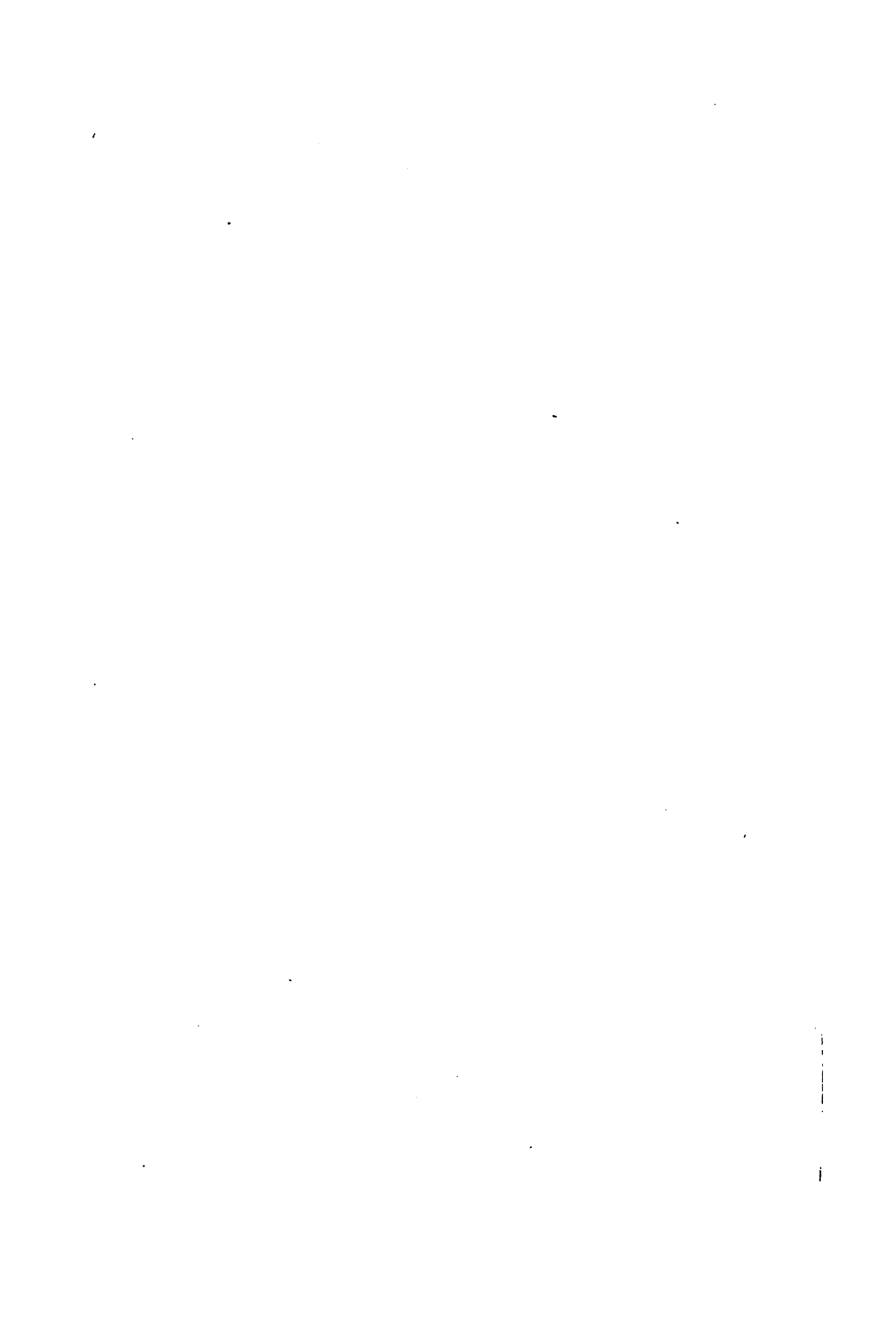
Towards the close of the year, news was received that Mr. French, who formerly held the appointment of Judge at Sierra Leone, had been nominated as successor to Sir Edmund Hornby, as Chief Judge of the Supreme Court of China and Japan. We have not yet, however, heard any date fixed for his departure to take up the post. Owing to Mr. Goodwin's prolonged and serious illness, Mr. R. A. Mowat has been really doing the work of Chief Judge in the China Branch of the Court throughout the year ; while the duties in Japan have been carried on by Mr. Wilkinson as acting Law Secretary.

The project of disestablishing the Supreme Court, and appointing a legal Consul-General at Shanghai, was seriously considered by the Foreign Office during the year ; but wiser counsels prevailed ; and though the British Consulate at Shanghai is to be raised to the dignity of a Consulate-General, the idea of amalgamating the two services has been abandoned.—Another innovation which does seem to have been decided on, appears to us

very mistaken ; that is, the erection of all the minor treaty ports into full Consulates, but on a lower rate of pay than has previously existed, and a reduction in the scale of salaries at some of the older ports. The principle of making the officers in charge of small ports Consuls, instead of ViceConsuls, may be a wise one, as the Chinese think much of nominal rank ; but the proposed reduction in the salaries attached to the higher appointments is assuredly an error ; it tends to discourage the best men already in the service, and to deter others from entering.

The Margary Memorial Fund has been raised to an adequate amount, and a plan for the intended monument has been approved ; but no decision has been yet come to as where it shall be erected. A proposal to place it in the Public Garden has been rejected, on the rather strained plea that the land was surrendered by the Taotai on the express understanding that it should not be built on. By far the best alternative site appears to us to be the Cathedral Compound.





COMMERCIAL.

1873.

Silk. We have to review, in 1873, one of the most disastrous years ever known to all concerned in the Silk trade of Shanghai. The value of our produce on consuming markets has steadily declined throughout, until the aggregate fall averages about 30 per cent; and the losses which this heavy depreciation must in any case have entailed, have been increased by the fact that the only noticeable check to the downward course of prices occurred at the most unfortunate possible moment, just before the new season's Silk began to arrive in Shanghai in the end of May, causing our market to open hurriedly and excitedly and at prices which involved serious losses. The results of the year have, therefore, been considerable loss to Chinese dealers, very heavy loss to exporters, and it is believed scarcely a better result to speculators, dealers, throwsters and manufacturers in consuming countries.

The gradual but continuous increase in the quantity of Silk exported from Shanghai, as the producing districts recover from the effects of the great Rebellion, would naturally have led us to expect some reduction from the high prices which have ruled through years of scarcity. But a steady annual increase of 7 or 8 per cent in quantity would not of itself have been sufficient to cause the heavy fall in values which we have mentioned, and the chief causes of this must be looked for elsewhere.

The greatest of these is the deterioration in quality of China Silk, arising chiefly, we believe, from insufficiency of skilled labour in the Silk districts, or rather of labour enough to wind the Silk crop well by Chinese methods. It is well known that the Chinese never kill the chrysalis before winding Silk from the cocoon—whence the brilliant white colour of much of the North-China Silk, a characteristic which belongs only to Silk wound from live cocoons. This, especially if the weather is hot, necessitates the whole of the Silk crop being wound off in a few days,

otherwise the cocoons would be spoilt by the chrysalis coming to life and forcing its way out as a moth. But the population of the Silk districts was so much reduced during the Rebellion, that there are not left a sufficient number of competent hands to wind a large crop. So long as the production was only sufficient to allow of an export of 30,000 to 40,000 bales, the reduced number of workers was sufficient to wind most of the Silk carefully and well. But the quantity of Silk produced has increased more rapidly than the number of reelers, and hence for some years past the Silk crop has been reeled hurriedly, that is, has been made coarse and foul. There seems, therefore, little chance of any great improvement in the size and cleanness of our Silk, until either we have accidentally small crops from bad weather or disease among the Silkworms; or until there is a considerable increase in the skilled labour of the Silk-growing districts; or until improved machinery is introduced to wind at least a part of the crop; or until the Chinese can be induced to kill a portion of their cocoons, from which afterwards they can reel fine and clean, if dull-coloured Silk, leaving so much to be wound from live cocoons as they can afford time to wind well. Until one or other of these things happens, it would seem as if China Silk, notwithstanding the splendid intrinsic quality of its thread, must be content to rank among the coarse and cheap Silks of commerce.

There are other causes besides that which we have named, for the deteriorating quality of our Silk. A year ago, we showed how mischievous had been the effect of the speculative gambling in Silk "to arrive" which was begun in 1871, but which is now happily almost discontinued. The practice of selling great lines of Silk to arrive, by chop names, with a consequent inordinate demand for well-known chops, which had to be bought on a market where there is such excessive competition as in Shanghai, inevitably led to a deterioration of standards. The Chinese dealers, also under the pressure of severe competition, tried to pass off the lowest and cheapest Silk they could under cover of chop names, and hence came a gradual but constant lowering of the character of nearly all the best-known marks. But we have seen that the whole crop was deteriorating, therefore there was each season a smaller proportionate quantity of Silk suitable for being packed under good chop names. These two causes coming together, have resulted in a most serious decline in the character of all known chops, some having gone off only in proportion to the general falling-off in quality, some in a much greater degree. As compared with the China Silk of four years ago, it is estimated that the intrinsic value of the most generally recognised chops has depreciated to an extent which cannot be estimated at less than from 1s. to, in extreme cases, 3s. per lb.

Naturally, the Silk which, even in Chinese eyes, was unfit to be packed under any known chop, ranges every season lower and lower in quality. A few years ago nearly all China Silk could be easily worked and used by a consumer at some price, and in times of scarcity it paid

throwsters best to work the lower qualities. Hence these were much in favour, especially with speculators, and many orders were sent to China for the lowest Silk of any class, particularly of Tsatlee, at a certain price. The Chinese, seeing this, have naturally enough experimented as to what would on this market pass current as Tsatlee, with results which must in many instances have been highly gratifying to them. They have reeled more and more of their Chincum Silk and other Taysaams as Tsatlee, or have mixed them with Tsatlee, until the class of Chincum especially has almost disappeared from our export. But in former years the lowest grade of Tsatlee was worth, according to fashion, from 1s. to 3s. more than a fair Chincum; therefore they could afford to drop the lowest quotation of Tsatlee one or two shillings, and yet be actually getting rather more for their Silk than they were before.

It is on these coarse and spurious Silks that the heaviest losses have in general been made. A speculator or merchant looks at the difference in value now between No. 3 and the commonest Tsatlee, sees that this is much greater than it was some years ago, and is very apt to draw the inference that the common Silk is relatively cheap, unless he has sufficient acquaintance with the article to fully realise what an entirely different thing it is from the common Tsatlee of former years. Also, the abundance of common and mixed Silks has a strong tendency to make a Silk-Inspector unconsciously over-rate the classes next above the lowest; he sees so much Silk which is unmistakeably common, that to make some distinction he is apt to call the better parcels No. 5, and to elevate a true No. 5 into a No. 4½ to 5; to adequately describe much of the Silk of this season it would have been necessary to introduce at least two classes below No. 5, calling them respectively by some such names as "inferior," and "very inferior." But worse even than the bad quality has been the extraordinary mixing of entirely dissimilar Silks in the same parcel; a good muster-bale often professing to represent a run of which hardly any two bales were alike in colour, quality, size and cleanness, and of which therefore different parts were to a consumer entirely different articles, and fit only for different uses.

We have dwelt at some length on the quality of Tsatlee, because that Silk forms the bulk of our export. In several other classes the deterioration has been equally marked, notably in Hainings and re-reeled Silks. Kahings and some other Taysaams have kept up their character much better, but they have suffered severely from the abundance and cheapness of Canton Silk, and also from the prevailing fashions in Europe having been entirely opposed to the use of all full-sized Silks.

This is the third great reason for the heavy fall in values during the year, and it follows partly but not altogether from the two we have named. Increasing quantity, we have seen, has been the principal but not the only cause for deteriorating quality; and deteriorating quality has been the chief but not the only cause for fashion having in great measure deserted China Silk. It has not been the only cause, for there

has been a general spirit of economy all over the world which has been opposed to the extensive use of such an article of luxury as Silk. Also, the great speculations on the London market during the last few years having not only prevented prices falling slowly and naturally, so as to balance increasing quantity and lower quality, but having also maintained them at an unnatural level through the Franco-German War, it resulted that when the consumption of Silk goods in France was seriously reduced and prices for them fell in consequence, manufacturers had recourse first to the system of weighting Silk heavily in the process of dyeing (the increase in weight being, especially in Black Silks, frequently 100 to 200 per cent), and then to the production of mixed goods in which Silk was used only for the organzine or warp, the tram or shoot being Cotton or Woollen. Such improvements were made in the manufacture of these mixed goods that they rose rapidly in favour, and hence during the past two years the consumption of tram, that is one-half of the whole consumption of China Silk, has been nearly annihilated.

This almost entire disuse of China Silk tram came simultaneously with the increasing coarseness of the great bulk of our Silk, which made it unfit to be used for anything else than tram. Therefore, when the downward tendency of prices became too strong for speculators to resist, and large quantities of Silk began to be offered for sale, it was found that there were literally no buyers for the coarse Silks which formed the great bulk of the stock of Chinas. Forced sales were then made at prices some shillings below nominal quotations; the consequent fall of the market brought fresh embarrassments, which in turn led to the forcing-off of fresh quantities of Silk; throwsters and manufacturers found the value of their stock in hand rapidly falling even while it was in the process of being worked; until at last the whole trade became utterly impoverished and disorganized. And now China Silk has to gain back for itself the position as tram in the manufacture of Piece Goods, which has been taken by Cotton and other substitutes—a task which, under present circumstances, involves its being offered at very low prices, so low as to actually tempt fashion back to pure Silk goods.

It is more difficult to account for the heavy fall on those fine China Silks which are suitable for organzine. This can only be explained partly by the general disorganization of the market, partly by the distrust with which consumers have come to view all China Silk, and partly also by the improved reeling of Japan Maibash, the better grades of which have this Season been the favourite class among consumers of fine-sized Asiatic Silks.

It will naturally be said that many if not all of these facts should have been at least to some extent foreseen and allowed for by buyers on this market; that what we knew of the state of the Silk Trade was quite enough to make us refuse to buy Silk here in face of such a combination of unfavourable circumstances, except with a fair margin on its value in consuming markets. This is perfectly true, and was in

fact pointed out by several buyers at the opening of the new season. That, instead of having some margin to provide against dangers arising from the exceptionally critical state of the trade, we actually paid for the new Silk in June fully 5 per cent over its then value in London, can only be accounted for:—

1st.—By the excessive competition which is the bane of our trade; and especially by the competition for Chinese consignment business. This is now done for very small commissions; and native dealers, also competing severely with one another, are of course only too willing to shut their eyes to the quality of their own produce, and to hold or profess to hold more sanguine views of foreign markets than are justifiable, if they can by sending a portion of their Silk on consignment induce foreigners to buy the rest, and so support values here.

2nd.—By the considerable fall from the prices of recent years— which, as we have tried to show, appeared much greater than, taking quality into account, it really was. This tempted many buyers to enter the market in the belief that, after the disastrous season of 1872-73, Silk had fallen to a level at which it was safe to operate.

3rd.—Even many of those who were most fully alive to the danger of the increasing coarseness of our Silk, thought that thereby the value of the few fine parcels would be enhanced; a hope which, as we have seen above, has from several causes been disappointed.

How much of the blame of the sanguine over-speculation which has marked the year lies at the door of purchasing houses in Shanghai, and how much with the capitalists and banks who compete to give facilities for it, is not a question which it lies within our province to discuss. That the trade must eventually right itself is certain, but undue haste to recover the losses of the past few years will only delay its doing so. It cannot be too fully or generally recognised that, so long as our Silk continues coarse, we must pay for it only the price of coarse Silk. If this is not done, further disasters are inevitable; if it is done, it will relieve us of some part of our excessive supply by greatly encouraging the Chinese consumption of Silk, it will prevent losses to foreigners, and it will give Chinese the strongest possible motive to improve their produce; and when we have improving instead of deteriorating quality, there will be a brighter future before the Silk Trade of China.

A noticeable feature in the year's trade has been a great increase in the direct export to the Continent of Europe, France and Italy having both given a decided preference to Silk imported direct over that bought on the London market, and having even done a good business on their own markets, in the special classes they wanted, at 3 to 5 per cent over London rates. This is no doubt due partly to a natural desire to get exactly the Silk they want bought for them on the market which offers the largest selection, and also to get it in the exact state in which it leaves the producing country. When taken to a London warehouse, the custom is that all the bales be opened and the books stripped of the floss

"caps," which are so great a protection against damage from bales being rubbed; these caps, which are of little value compared with the protection they afford the Silk, are retained as perquisites by the warehousemen; and then one bale of each run is, as a rule, seriously damaged by being kept open for a week or more, for the necessary but not always tenderly performed process of inspection. We quote from Mr. E. Holdsworth's circular of 18th December 1873:—

"That the Continental consumers prefer buying *direct shipments*, to "Silk sent to their market from London, is a well-known fact to those "sellers who supply them. It has long been their complaint that Silk "received from London after it has undergone the 'working' process, "is generally more or less damaged, and great quantity of threads broken, "&c.; hence their acknowledged preference, *even at rather higher prices*, "for direct shipments. This pernicious system of 'working' the Silk "may be also the cause of such frequent cuts for 'damage,' which appear "so often in the London account sales of Silk!"

This growing tendency in the trade to pass into the hands of Continental consumers, who by paying high prices here are able to attract the most useful Silks of the season, has and must continue to have a most depressing influence on the London market. For it both lowers the average standard of the Silk which is sent to London, and so brings discredit on all parcels offering there; and also it entirely deprives London during the greater part of the year of that Continental demand which used to exercise a most important influence in sustaining its prices; English consumption alone being quite unable to cope with, and being certain to be crushed by the great mass of Silk arriving there in the first few months of the season.

The trade to America has kept up to a fair average, but has not reached the exceptional figures of 1872; the wants of that market have been as usual almost confined to re-reeled Silks, and the results are said to have been somewhat less unsatisfactory than on shipments to Europe.

We give comparative figures of the export to various markets for the last three years:—

	1871.	1872.	1873.
To England.....	35,579 bales.	38,259 bales.	33,616 bales.
„ the Continent	10,317 „	12,223 „	16,217 „
„ America.....	2,677 „	4,142 „	2,714 „
Total.....	48,573 bales.	54,624 bales.	52,547 bales.

The fall in prices of different classes during the year has been as follows; we take the three points of 1st January, 1st June or opening of the new season, and 31st December. The Shanghai sterling cost given includes the usual charges; with 5 % for inspecting and merchant's commissions on both sides; freight on the 1st January Tls. 5, and at the other two dates Tls. 3 per bale; and loss in weight 4 % on new season's Silk, 3 % on Raw Silk shipped at the other dates, and 1 % on Re-reels:—

	Value in London.			Cost in Shanghai.		
	1st Jan.	1st June.	31st Dec.	1st Jan.	1st June.	31st Dec.
				Ex. 6/1 Tls.	Ex. 6/1 Tls.	Ex. 5/9 Tls.
Chop No. 3 Tsatlee	28/6	25/6	21/9	560=29/1	510=26/8	475=23/4
Red Peacock ,,	24/0	20/6	17/6	480=25/0	415=21/9	385=19/0
Common ,,	21/6	17/0	14/0	410=21/5	340=17/11	310=15/4
Fatmow's No. 2 Haining ...	24/9	23/0nom.	19/6	500=26/0	440=23/1	400=19/8
Market No. 1 Rer. Haining	28/0	25/0	21/6	560=28/7	.....	450=21/9
No. 2 Kahing	25/0	21/0	17/9	495=25/9	415=21/9	380=18/9
,, 3 Chincum	19/6	17/6	14/3	420=21/11	.....	300=14/11
Average Shaouhing	19/0	16/6	13/0	345=18/1	.....	275=13/8
,, Laeyang	18/6	14/3	12/0	340=17/10	285=15/1	260=12/11

The business done during the several months of the year has been briefly as follows:—

January.—The year opened with settlements so far for the season of 1872-73, 49,500 bales, and stock in Shanghai, 2,000 bales. During the month 2,500 bales were settled and stock was a little reduced, prices showing little or no change.

In *February*, 1,500 bales were settled, and prices fell Tls. 5 a 10 per picul, closing at Tls. 545 a 555 for Chop No. 3 Tsatlee and Tls. 465 for Red Peacocks. This was much over quotations from Europe, London telegrams having advised a fall of 1s. a 1s. 6d. since the beginning of the year.

March.—About 1,500 bales more went forward at gradually declining rates, closing quotations being Tls. 520 a 530 for Chop No. 3 and Tls. 450 for Red Peacocks.

April.—Settlements this month were 800 bales, a large proportion as usual, at the close of the season, being yellow Silk. For standard classes there were no quotations, and only 200 bales remained in stock.

May.—The shipment of these 200 bales closed the season of 1872-73 with a total Export of 55,952 bales.

v. 1871-72	59,820	”
1870-71	33,609	”
1869-70	42,829	”
1868-69	46,609	”
1867-68	41,439	”
1866-67	28,171	”

Of the disastrous nature of the season's business, we need add nothing to what we have said above. It had involved several failures of well-known houses both in Europe and here, and it seemed likely that if ever great caution was again to be seen in China it must be at the opening of the new Silk season. Unfortunately, just before the new Silk came to market, a revival of speculation occurred in London, professedly based on the expectation that the European crop would be short, but to a great extent, as has since been believed here, encouraged by large holders of Silk in London, who wished to prevent their stocks being undersold by very cheap new Silk.

Early in *June*, therefore, our market opened at prices much over what had been expected a few weeks before, and which showed such handsome profits to Chinese dealers, that Silk came to market very freely, and during this month 6,000 bales were settled, 8,000 bales remaining in stock. The opening rates were Tls. 505 *a* 515 for Chop No. 3 Tsatlee and Tls. 415 *a* 420 for Red Peacocks (which had cost up country in the end of May about Tls. 380). The demand at first ran entirely upon known chops; and market Silks, especially the lowest classes, were almost neglected. Before the end of the month, prices had begun to fall, and they closed at Tls. 470 *a* 490 for Chop No. 3, and Tls. 395 *a* 400 for Red Peacocks.

During *July*, the market remained steady, and 8,000 bales were bought. Attention was suddenly turned to common Silk, and a large quantity of very inferior second crop Tsatlee was bought, costing down to Tls. 295. Stock was increased to 9,000 bales.

August.—Common Tsatlees up to No. 4½ continued much in favour, and for these prices showed little change, the bulk of the shipments costing from Tls. 300 *a* 360. Better Silks declined Tls. 10 *a* 20, closing at Tls. 460 *a* 480 for Chop No. 3, and Tls. 375 *a* 380 for Red Peacocks. Settlements were 8,600 bales, making a total of 22,600 bales in three months, *v.* 30,000 bales to the same time in the previous season. Stock was 8,500 bales.

September.—The market continued to decline, and closed generally Tls. 10 *a* 20 lower, No. 3 Tsatlee being quoted Tls. 445 *a* 465 and Red Peacocks Tls. 365. Common Tsatlee was still in favour, the apparently low quotation of Tls. 290 bringing forward many buyers. Settlements were 6,600 bales, and stock at the close 8,000 bales.

Early in *October*, advices of a slight speculative movement in London excited our market, and prices rapidly advanced Tls. 15 *a* 25, closing at Tls. 460 *a* 480 for No. 3, Tls. 390 for Red Peacocks, and Tls. 315 for the lowest Tsatlee. Settlements were 9,500 bales, and stock was reduced to 7,500 bales.

This speculation in London was based on a sudden increase in deliveries, which soon turned out to be due merely to an exceptional and limited demand for Silk tram in the Ribbon trade of Coventry, and which has not been maintained.

November.—Advices of the unfavourable reception of common Silk in London caused the demand to turn upon medium Silks, especially upon such well-known chops as Gold Lion and Kue Kee's. Prices showed little change, the quotations at the end of the month being: No. 3 Tsatlee, Tls. 455 *a* 475; Red Peacocks, Tls. 385 *a* 390; common Tsatlee, Tls. 320. Settlements were 5,300 bales, and stock 6,500 bales.

Throughout *December*, the market was very dull, but prices were fairly maintained, showing a fall of only Tls. 5 *a* 10. The closing rates, which we have already given, show a fall of about Tls. 100 per picul during the year; in addition to which, the lower exchange reduces the

cost by nearly 6 per cent. Settlements this month were 3,300 bales, making a total to date of 47,300 bales.
 v. in 1872-73 to same time 49,500 „
 „ 1871-72 „ „ 43,000 „
 The stock remaining in Shanghai is about 6,500 bales.

The Chinese, as usual, appear to have estimated their crop very correctly, and the total export for the season of 1873-74 is expected to be about 57,000 *a* 58,000 bales.

Tea. We summarised last year the operating causes in the Tea trade, in the remark that profit resulted entirely from a due relation of the production to the consumption. The lesson of this year is the same. At the beginning of the season, Black Teas, owing to the late opening of the market in Foochow, and the loss of two large steamers with first teas from Shanghai, were delivered in London in moderate amount, and were generally sold at a profit. Later on, steamer followed steamer from this with full cargoes, a very small portion of the crop being shipped by sailing vessel; so that the bulk of the shipments, whose arrival should have been spread over the spring months, reached London before Christmas, and a general decline, with severe losses to weak holders, was the result. There are now so few sailing vessels to arrive in London, that there will be there almost a scarcity before the new season begins, and we know by wire that the inevitable recovery has already set in on that market.

These phenomena have been rendered more striking in Green Tea, by the exaggerated application of the Adulteration Act in England. The wretched state of the overloaded New York market at the beginning of the season, sent most of the new Pingsneys to London, where all demand for them was checked by the fear of legal proceedings under the Act, and they were soon offering at fifty per cent. under prices current within the last two years. The losses were enormous; shipments from this were checked; their very low cost in London drove them into consumption notwithstanding the Act; and we now know by wire that there has been a recovery within the last two months of from fourpence to sixpence a pound. It is fortunate that this recovery has come too late for the teamen to dissipate it by packing the rubbish which their losses last autumn made them retain in the country; for the deficiency this year, which amounts to over four million pounds, is due not so much to any failure in the crop, as to the low prices, which made the packing of the common kinds unprofitable.

Black Tea. On the 16th of May, or three days later than last season, the first musters were shown in Hankow, and the market was opened the same day. Supplies at first came in slowly, owing to the full observance by the tea honges, of their decision not to sell any tea that had not actually arrived in bulk. The constant disputes between seller and buyer last year, arising from the differences between the chest muster by which the tea was sold and the bulk delivered, were thus entirely done

away with, and business was conducted on a much more satisfactory footing. Opinions at the time differed considerably as to the quality of the crop, which was however pronounced by the trade at home as being rather above the average of late years. The first purchases were made for shipment by the *Ulysses*, advertised to leave Shanghai on the 22nd of May, *via* Canton, it being expected by shippers that she would arrive several days before the first direct steamers. These expectations were, however, not fulfilled, her teas being placed on the market four days later than the *Venetia's* cargo. Prices were, as usual at the opening, on a very high scale, ranging from one to two taels higher than last season for Oopacks and Oonams, and about four taels for Ning-chows. The extreme prices paid by Russian houses for teas from the latter district, debarred for a time any operations in them on the part of buyers for London. The P. & O. steamer *Venetia* was the first to leave, getting away on the 24th May, followed two days later by the *Agamemnon*, taking together 4,650,000-lbs.

On their arrival at Home on the 12th July, their cargoes were received with great caution on the part of the trade, the same dull feeling and want of animation characterising the reception of the first arrivals as it did the previous year. Buying at first went on slowly, at prices ranging from 1s. 9d. to 2s. 6d. per lb. These prices showed a slight profit to shippers, and were due to the moderate supply arriving at the time—the late opening of the Foochow market being the chief cause. The small profits made on first crops were, however, more than balanced by the losses on second crops, which were bought in China about the middle of July at figures considerably over what they had fetched at home last season, the quality being inferior.

The result to these teas could scarcely have been expected to have been different, with the enormous supply sent forward and forced on the market at one time. The effect, though at first anything but remunerative, was ultimately beneficial to the shipper on this side, as it led to a lower range of prices being given for the remainder of the crop which, bought at reasonable prices, is now (by latest accounts from London) showing much more favourable results. One very noticeable feature in the season just closed, is the very small quantity of low country tea packed. For several seasons past, these teas have not been remunerative to the packers, showing to them a return as bad as they have done to the shippers. Teas of this description that have been brought down for sale here, have been made up with much greater care and have been much freer from coarseness than they have been for many years—this fact, no doubt, accounting for their better reception at Home.

Looking back, we have, on the whole, great reason to congratulate ourselves on the happy combination of unforeseen and unexpected circumstances which have tended to make the past season, if not so good as we could have wished, yet a great deal better than it might have been. First, we had the late opening of the market and the consequent delay

of shipments from Foochow, giving an undoubted advantage to our first shipments. Secondly, the preference again shown to Northern teas. Thirdly, a shorter supply in the total export of Black Tea from all China, with an increase in the Home consumption.

The season has closed with a total export to all countries of 74,000,000 lbs., against a total of 72,000,000 lbs. last season, showing an increase of 2,000,000-lbs. which increase has gone to Russia direct by Tientsin and Odessa, leaving the export to Great Britain below last year's.

Green Tea. The heavy losses which were realized towards the end of 1872 and the beginning of last year, both in England and America, had the effect of delaying the opening of the market here, there being no prospect of improvement in the position of affairs to encourage buyers. The rush made for the past few seasons for the first arrivals of Pingsueys, for shipment by the first Pacific mail steamer in June, was thus avoided; and it was not until the latter end of June that buying really commenced, and even then only on a very small scale. The settlements up to the 11th July amounted to only 12,500 half-chests, against 52,000 in the previous year. The quality of the crop was exceedingly poor, mixed to a very great extent with inferior leaf, and being, consequently, thin and flavourless in the cup. A slight improvement was, however, shown in the colouring, less of that matter coming off in the hand, owing to there being a lesser quantity of it and to its being better fired into the leaf. Opening prices were about Taels 7 less than the extreme rates paid last season; but little business being done at these figures, teamen were forced to give way, and a further decline of Taels 5 was soon established. Of the settlements, very little was forwarded to America, the bulk being shipped to England, the export to the latter country up to the 11th August being 2,500,000 lbs., against 500,000 to America. Notwithstanding the very low tael cost, the result of these shipments again proved to be most disastrous to importers in England, the trade there entirely setting their faces against these teas, there being a general complaint against colour. To America the result was rather of a more favorable nature, and in some cases profits were the reward of well-bought shipments.

In the third week of July, three chops of country tea arrived, and were immediately placed on the market; and on the 21st one of them, a fine Teenkai, was settled at Tls. 40, being about Tls. 5 below last season. For nearly a fortnight afterwards, little business was done. Teamen remaining firm in their demands, buyers, seeing little prospect of any immediate decline, entered the market, and a general business ensued. The quality of the Teenkais and Moyunes was much the same as last year, showing the same hastiness and want of care in preparation, the liquor, however, being good. Supplies came in very slowly, and showed an immense falling off compared with the two previous years, the total arrivals of Green Tea up to the 11th August being actually 96,000 half-chests less than in 1872. By teamen, this deficiency was then explained

as entirely owing to a shortness in the yield, but as their prophecies about this time are generally every year of the same kind, little reliance was placed on that explanation, and it was generally supposed that producers were holding back supplies in the country, with the intention of feeding the market slowly, and getting better prices for their teas in this way. It was not until the end of November, when the fact could be ascertained with considerable accuracy, that this surmise was found to be incorrect, and that the yield was actually to be a short one. In the meantime, buying was carried on with fair activity, purchases being chiefly for the English market; American buyers, with continued depressing advices from the other side, showing little inclination to operate, prices being considerably over the then ruling rates in New York.

Up to the end of August, the export to England of Green Tea had reached four and a-half millions, against one and a-half to America. The demand for country teas for England was explained in the fact of Pingsueys being utterly neglected, most unfavorable telegrams having been received by that time of the first shipments.

During the month of September more activity was displayed, and the market was maintained at quite previous rates, due chiefly to the very moderate supply, which continued to be still about 100,000 packages in arrear of last season. Really fine teas, which were exceptionally scarce, were eagerly taken, good medium chops being also in fair request, while common were utterly neglected. At the end of the month the export to England now showed an increase of one and a-half millions, whereas to America there was actually a deficiency of five millions.

In the early part of October, and in fact throughout the whole month, a much quieter feeling existed, and with decreasing settlements and an increasing stock, teamen were induced to make a concession of one to two taels on fine, and two to three taels on medium teas. At the latter end of the month, buying for England almost came to a stand still, owing to the position of the market there. Our stock at this time was the largest we had known since 1864, being 112,000 half-chests, against 77,000 last year.

In November, during the whole of the month, a heavy business was transacted almost entirely for America, the settlements for the month averaging over 100,000 packages, at a reduction all round of about one tael. The better kinds were still only taken, to the almost entire neglect of common; and by the end of the month almost all desirable parcels were cleared off the market. The export to England this month amounted to only half-a-million, whereas to America we had an export of over three millions. The total export to the latter country, however, still showed a falling off of four millions, compared with last season.

In the early part of December, better news was received from America, advices then announcing a very great improvement in the market, and a brighter prospect for teas later on. This led to a general

rush for all kinds, especially the few remaining fine chops, which were eagerly taken at a rise of Tls. 4. Common teas, so long neglected, now found purchasers, and by the 1st of January our stock had dwindled down to 25,000 packages, the total export to England now reaching eight millions, and to America sixteen and a-half millions.

Until quite towards the end of January, little attention was shown to the remaining stock, there being nothing except of the lowest quality left over. Latterly, however, these have been almost cleared off, more cheerful advices being received from England, reviving the hopes of shippers to that country. We have still 6,000 packages left, but the season may be considered as virtually closed.

Throughout the whole season, Shanghai-packed kinds have been treated with the amount of attention they deserve, and comparatively little of this class of tea has been shipped. The heavy losses to the packer will, no doubt, have a most beneficial effect in stopping, or nearly so, the production of this spurious article in future.

The total export of the season to England and America amounts to 29,000,000 lbs., against a total of 33,000,000 lbs. last year, and 27,000,000 lbs. in 1871-72.

Of the following tables, the former shews the comparative production of the different districts, the latter the distribution of the Teas by routes. It will be seen that the deficiency this year is from all the districts but one. The increase in the yield from Fychow and Taiping is due to the recovery of the latter district, which was entirely depopulated in the late rebellion, and is now gradually recovering its former prosperity. It will be seen that practically all the Green Tea that goes to London now is sent by steamer, and no doubt in time it will be the same to America.

	1873-4.	1872-3.	1871-2.	1870-1.
Teenkai	lbs. 7,000,000	lbs. 8,000,000	lbs. 8,000,000	lbs. 7,000,000
Moyune	„ 11,000,000	„ 12,000,000	„ 10,000,000	„ 10,000,000
Fychow and Taiping ...	„ 5,000,000	„ 4,000,000	„ 3,000,000	„ 4,000,000
Pingsuey	„ 5,000,000	„ 7,000,000	„ 5,000,000	„ 4,000,000
Shanghai.. ..	„ 1,000,000	„ 2,000,000	„ 1,000,000	„ 1,000,000
	„ 29,000,000	„ 33,000,000	„ 27,000,000	„ 26,000,000

DISTRIBUTION OF TEAS BY ROUTES.

ROUTES.	GREAT BRITAIN.		NORTH AMERICA.	
	Black.	Green.	Black.	Green.
By sail in 12 vessels to London ... }	13,431,586	197,164	431,549	13,565,929
„ 17 „ North America }				
By Suez Canal steamers of all kinds	45,265,549	8,805,999	229,052	3,325,377
„ P. M. S. S., <i>viâ</i> San Francisco	...	...	151,404	2,478,077
Total	58,697,135	9,003,163	812,005	19,369,383

	1873.	1872.	1871.
Export of Green Tea to London	10,000,000	11,000,000	7,000,000
" " New York and Canada	19,000,000	22,000,000	20,000,000
Total lbs.	29,000,000	33,000,000	27,000,000

Imports. The phraseology of our present Retrospect must closely resemble that which we used in 1872, 1871, and—but there is no necessity to go further back. We would fain change it. Would that we could once congratulate our merchants upon a successful year. But season after season passes away, and still the same refrain has to be sung. Loss and disaster seem to be the natural gleanings of all who trade in *Piece Goods*. They are the importer's constant companions. Sometimes they are visible in untoward markets; at others, excessive supplies and accumulation of stocks are the causes. Again they assume the form of mildew, and so on, *ad infinitum*. In one shape or other, they are ever present, haunting the merchant like a perpetual shadow. Strange it is that his patience has held out so long; strange that many an one has not, long ere now, sought out "fresh fields and pastures new;" and stranger far it is that the Lancashire and Yorkshire manufacturers and agents can still find willing victims in their Anglo-Chinese correspondents. But this world is full to overflowing of anomalies, and why wonder at the idiosyncrasies of a few of its inhabitants? If the proclivities of our fellow exiles in Far Cathay have changed since days of yore; if they elect nowadays to live upon losses only, who shall prevent them? Not the Chinaman, certainly. His philanthropy teaches him otherwise. It says, give; and that of the foreigner impels him hastily to bestow; sell, and "sold it is." The Eastern laughs and grows fat at his leisure, while the foreigner comforts himself with the reflection: "I have done well and shall eventually reap the fruits of a long continuance in well-doing;" and thus it is that both the native and foreign systems do "meet in their extremes."

The year 1873 has exemplified this to an extent far beyond that for which we were prepared. At its commencement, expectations ran high as to the pecuniary benefits likely to accrue to the importers of foreign textiles; but as time progressed, so did they all vanish; and looking back from this date we cannot see that anyone—saving and excepting always the manufacturer, agent, and native aforesaid—has paid his expenses out of his imports, far less been able to lay by a dollar for a rainy day. This is a gloomy picture but true, and we shall now proceed to demonstrate its truth. But where to commence or how, is the difficulty. If there were a single spot on which memory could linger with delight, our task would be comparatively easy. But all is darkness and discouragement, and the Profit and Loss account of the general importer must have shewn a heavy deficit on 31st December last. And what are the causes?

First there is the hindrance to the working of the *Inland Transit Pass* system in almost every district in the north of China; there is an

excessive taxation on trade, and against it even the natives have of late been loudly complaining; there has been great distress in the North, because of the overflowings of rivers and the submersion of vast tracts of cultivated land; there has been protracted drought in the south, and no little interruption and detriment to trade from that cause; there has been the rottenness of mildew produced by the "whited sepulchres" of Manchester,—we thank their honest Bishop for the designation; there have been a plethora of supply and an inordinate desire on the part of producers to keep a surplus stock always on hand; there has been a very abundant *Cotton* crop in this and the neighbouring provinces. In short, Nature and Art have gone hand in hand in compassing the ruin of the importer, as well as that of the article which he vends.

Let us take first the *Inland Transit* system? We said in our Retrospect for 1869—"In the arrangement of the transit duty system, they—the mandarins—have never, so far as we know, been consulted; and as it deprives them of a large portion of their incomes they have bitterly and successfully opposed its working. We cannot expect them to view our trade with approbation while the principle on which it is conducted means to them the abstraction from the provincial revenues of large sums which they consider their own, for the benefit of the Peking Government." To judge from the extraordinary decrease in the quantity of passes taken out last year as compared with 1872, the active opposition here foreshadowed must be in full operation. From *Chinkiang* last season, the wails in respect of the losses trade was sustaining by the disallowance of Passes, were so loud and prolonged as to create a belief that the foreign merchants there were sufferers beyond all others. But it may comfort them to know that Shanghai is not more favored. The following comparative table of *Inland Transit* at this port, will illustrate the truth of our remark:—

	G. Shirts.	W. Shirts.	T-Cloths,	Drills,	Camlets,	Lastings and Orapes.	Lustres all kinds.	Long Span. Ella.	Stripes Cloths, &c.
1872—pos.	85,870	19,140	163,768	6,280	4,080	2,095	7,535	3,820	6,501
1873—,,	87,689	1,900	71,541	4,365	1,460	1,290	1,560	1,800	2,685

Even the Shanghai native merchants have been ventilating their grievances against *Barrier Taxation*. They have petitioned the Taotai for redress. Can he or will he grant the prayer of their petition, or will he refuse and so compel them to refer the matter to Peking? Foreign Ministers at any rate need hesitate no longer. They have now evidence that the trading class of China is with them, and that the foreign merchant does not stand alone in his outcry against the injustice suffered through the excessive exactions of the Mandarins.

We come now to the business of *Shanghai* as seen through the medium of *The Customs Gazette*. Shanghai is emphasized, not that we wish to make the trade appear less than it really is; but because in the interests of truth it is our duty to point out that, had it not been for the help accorded to us by the Japan markets, we should have had even a

worse tale to tell to-day. This at least is applicable to the articles of *Grey Shirtings* and *Velvets*, the deliveries whereof at this place, but for the increase in the re-exports to Japan during last year, would have been smaller by between 70,000 and 80,000 pieces of the former and 6,000 a 7,000 pieces of the latter. With these exceptions, the following table may be taken as indicating the balance of the trade of 1873 as compared with that of 1872.

		Pieces.	Value Tls.
Grey Shirtings	Decrease in round numbers	200,000	380,000
T-Cloths	" "	1,400,000	1,900,000
White Shirtings	" "	85,000	70,000
Sheetings	" "	50,000	120,000
Spots and Brocades White	" "	12,300	27,000
Long Ells	" "	6,800	37,000
			<hr/>
			2,534,000
			<hr/>
		Pieces.	Value Tls.
Jeans	Increase in round numbers,	33,000	64,000
Drills	" "	86,000	212,000
Spots and Brocades Dyed	" "	1,200	8,000
Chintzes	" "	11,000	14,000
Lustres	" "	14,000	52,000
Camlets	" "	12,000	177,000
Lastings	" "	11,500	120,000
Handkerchiefs	" "	10,000	5,000
Spanish Stripes and Woollens	" "	20,000	190,000
Turkey Reds	" "	6,000	11,000
Velvets	" "	30,000	210,000
			<hr/>
			1,158,000
			<hr/>
	Balance Decrease.....Tls.		1,376,000

£400,000 sterling is not a very alarming percentage upon a trade whose gross value approximates closely to eight millions, but when taken in connection with the fact that the importer has lost money on nearly every article he has touched, it becomes a matter of more serious importance. Had demand or consumption been curtailed by high prices, or had ruinous rates diminished the supply, the decrease would have been intelligible enough; but it has arisen from neither of these causes, and the more we seek for a reason the more bewildered we become—principally because we find the loss occurs in *T-Cloths*, an article the increase in which in former years was so steady and so marked, as to carry with it the impression that the native cloth was fast being supplanted. In autumn, when it was found almost impossible to dispose of long held goods, the falling off in the deliveries was by general consent attributed to an abundant cotton crop and the consequent cheapness of the native cloth; but statistics prove that the decrease was heavier in proportion during the six months ending 30th June last, when fears were strong that the cotton crop would be a failure, than it was during the latter half of the year. So that a solution of the difficulty must be sought for elsewhere. The Chinese have said that a piece, or a quantity of their own cloth costing the equivalent of a piece of fine 7-lbs. T-Cloths, lasts twice as long as the latter, and is otherwise—as in repairing for instance—much more economical. If this were strictly true, however, there would be an utter end to the trade; but as at the close of the year there

was evidence of a revival in the demand, we incline to the belief that the diminution must be ascribed to the overstocking of the markets in the interior, by the large business which was transacted here in 1872, 1871 and 1870.

Thus far we have commented only upon the deliveries, but our remarks would be incomplete if we omitted to draw attention to the imports of T-Cloths. These likewise show a heavy decrease—say 3,000,000 pieces—as compared with those of 1872. The receipts of 1872 amounted to nearly 4,700,000, while those of last year scarcely reached 1,700,000 pieces. Moreover, the imports fell short of the deliveries by about 600,000 pieces; but these symptoms, favorable though they be, have been neutralized by the decadence of the trade, and the close of the year leaves our merchants with a stock of 1,260,000 pieces, or nearly six months' supply—if we accept the business of last year as our criterion. Let us hope, however, that the article is not yet doomed in China, and that it will soon regain its position in the estimation of the natives. Hitherto no very serious complaint has been made against the foreign manufacture. *Wax-finish* and *heavy fillings* have thus far furnished their own condemnation, and although a little profit may occasionally have been derived through dealing in China clay, &c., the Chinese say, and in this we believe them, that honesty in T-Cloths is the best policy. We regret to have to record the fact that this maxim has been disproved in the cases of *Grey Shirtings* and *English Drills*. With some manufacturers, or packers, or dealers, size seems to be the beginning and the ending. Indeed its composition has been elevated into a science, and we make no apology for reprinting the following morceau, which appeared in the *London Times* some time in June last:—

“MILDEW IN CALICO EXPLAINED.

“*To the Editor of the Times.*

“SIR,—The enclosed circular has just been sent to me, under a misapprehension, as I suppose, as I do not require any such article in my business.

“Thinking that it might interest you to see what are the component parts of calico, at the present time, when so much complaint has been made of ‘mildew,’ &c., I forward them to you.

“Yours respectfully, B.”

“June 9, 1873.

“Gentlemen,—I beg your attention to the enclosed circular, and may further state that the size is very simple and easy to use; a child could not go wrong with it. No machinery would require to be altered in order to try it or use it.

“This size can be used by itself or can be added to your present size, as per 11th clause in the circular.

“Its weight-giving properties are of an extraordinary character, as 120 per cent. of size can be put into 24's throstle twist; if the yarn be of good quality, extra weight can be carried into the cloth. Upon 32's mules, 80 per cent. of size can be carried forward with fair weaving if the yarn be good.

“Reference is kindly allowed to a spinner and manufacturer, who sells his own cloth. He has received orders from all his buyers, without exception, for cloth made from the ‘New Size,’ the market value of his cloth having become considerably enhanced.

"Facts like the above, I trust, will need no comment.

"Hoping you will favour me with a trial—say of four or more sacks—when full directions for use will be furnished.

"Gentlemen, I am, yours truly."

There! gentle reader, "Reference is kindly allowed to a spinner and manufacturer." What think ye of the "new size?" But bear with us a little longer, while we show you to what extent this new size, or some other kindred rubbish, enters into the composition of *English Drills* and *Grey Shirtings*.

"Drills—during the past two or three years—have been sent out to China very much weighted, but at the present moment (August 1873) still more weight is being added to the goods, which bear the same stamp and marks which originally obtained a name for really genuine cloth. No doubt the fraud will some day be detected by the Chinese "as it has been in India."

"The following is the result of washing out the size, &c. from "Drills":—

Weight in Grey.	Weight washed.	Loss.
15-lbs.	9-lbs. 10 oz.	5-lbs. 6 oz.
14 " 14 oz.	14 " 6 "	5 " 8 "
14 " 4 "	8 " 12 "	5 " 8 "
15 " 10 "	9 " 9 "	6 " 1 "
15 " 2 "	9 " 5 "	5 " 18 "
Genuine 15 "	12 " 2 "	3 " 14 "

"*Shirtings*.—A similar fraud is practised in these goods, cloths weighing 7½-lbs. being weighted to the extent of 3-lbs. in order to sell them as 10½-lbs. There are large quantities of these in preparation "for foreign markets."

The foregoing is not trumped up. It is the simple honest truth. It came from a firm high in the trade in Manchester, to Messrs. Gilman & Co. of this place, and by them it was communicated to our General Chamber of Commerce on 21st November last. Moreover, they have specimens of the cloths which fully substantiate the truth of their communication; and yet in the face of such a distinct declaration of fraud, we find among ourselves defenders of the system. The Chairman of our Chamber of Commerce, while summing up the remarks on this subject at the last general meeting of the members, said—"the merchants out here asked the Chinese to buy from muster;"—this is not strictly true. The Chinese demand to see musters, aye and bale musters too, before they buy; not as in former times, when they were contented to take an outside sample as representing the bulk—"so that in fact all "who received these goods more or less loaded, and sold them, became "*participes criminis*." If such be his belief, why did he write his famous despatch on the mildew question to the Manchester Chamber of Commerce? But the Committee of that Chamber appointed to enquire into the question seem to defend the practice. True they condemn "the use of deliquescents in the composition of size," and "the artificial introduction

of moisture into the Yarn or Cloth," together with "deliberate moistening of the cloth by means of damp storage," but "the *excessive* sizing of cloth for the purpose of producing weight "and cheapness" is only mildly characterised as "dangerous." Why the Committee stopped short of condemnation here also is rather mysterious, but explainable perhaps under the hypothesis that size has sold to better advantage in China than pure Cotton.

We have enlarged upon this oversizing or mildew question, simply because it is one of such vital importance to the trade that it demands a special and lengthened notice in our Retrospect; and because in our eyes it is no justification, nor is it an extenuation even, to plead that comparatively better prices have ruled here for weighted or mildewed cloth than for the genuine article. That this has been the case there is no denying. At the same time it must not be overlooked that, lately, there have been complaints coming to us from all parts in the North of China and from Japan, against goods so doctored; and hence the presumption that our local buyers have been acting either in ignorance, or with the deliberate intention of imposing upon the actual consumers. The coming year will probably determine which of these presumptions is the correct one.

Of *Grey Shirtings*, the deliveries of 1873 have exceeded the receipts by about 700,000 pieces, while of *Drills* the trade have imported nearly 300,000 pieces more than have been delivered, and the stocks of each article at the close of the year stood respectively at 540,000 and 397,000 pieces, against 1,300,000 and 125,000 pieces last year. In *Shirtings* the decrease in the stocks has extended throughout the whole year, but it became most marked towards the close, when the Japanese demand was at its height. About the end of September there was a supply of all weights in Shanghai—exclusive of unreported cargoes—of fully a million pieces, and holders' hearts began to fail them, as, notwithstanding the diminished shipments from home, the prospects of working off so large a stock to the Chinese alone, before business closed for the season, grew fainter and fainter. But Japan came to the rescue, and in the course of the three months—October, November and December—relieved our market of little less than 400,000 pieces. Under the influence of that unexpected relief prices rallied from Tls. 1.96, the quotation for Dewhurst's best 8½ lbs. Eagles on 26th September, to Tls. 2.03½, the price on 1st December; and fair to good common chops benefited to nearly a similar extent.

Grey Shirtings.—The early part of the year was characterised by the customary Northern demand and the speculation in anticipation thereof—during which, and influenced also by better news from the River ports and a weakening sterling exchange, there was a gradual advance in the value of every kind of 8½-lbs. cloth from Tls. 1.81 *a* 1.94 per piece at the close of 1872 to Tls. 1.95 *a* 2.02 on 26th February. The first Northern steamers left shortly afterwards, and then a lull followed.

Extreme quietness succeeded the opening activity, and with only two or three breaks—when something like excitement ruled—the market continued in a lifeless state during the next six months. Business so to speak had to be forced; inducements had to be held out to buyers; and, as if matters were not already bad enough, *Mildews* began to accumulate, and the risk of keeping them was so great that holders were very glad to realise them at any price. To add to the misfortunes of the foreign merchant too, there was first a scarcity of water in the northern canals, and then the floods. Afterwards we had prolonged drought in our own immediate neighbourhood, money was scarce and dear with us, our receipts were heavier than our deliveries, and everything went against the importer of Grey Shirtings.

And yet, in the face of so many impediments, and throughout the whole of this period of depression, the weekly clearances of all weights were far oftener over than under 100,000 pieces. The early steamers had scarcely gone, however, when rates dropped to the opening level for common, and below that for Dewhurst's and other crack chops. Nor did they rise much over it until mid-September, when diminishing supplies and the unexpected demand from Japan strengthened holders and placed them on a more satisfactory footing. With such a trade passing, it seems strange that prices were kept so low during the latter part of the year. Stocks were heavy certainly, at the commencement, but not so heavy at any time as to cause any serious apprehensions to importers; and there is little doubt, had they been confident in the preserving qualities of much of their wares, they would have been able to secure far better results. A few could boast of untainted goods, but even they were powerless to sustain the market against those who were less fortunate, and whose most pressing interest it was to rid themselves of *Mildew*. Then *sized* and *was*-finished cloths arrived in quantity, and were readily sold to the trade at paying rates to the importers; and these descriptions acted powerfully against the dealers in honest cloth who, until the frauds were detected by the inland buyers, were, so to speak, forced to float with the tide and accept the prices tendered, or to close their doors altogether. *Sized* cloth, we have been assured, has been imported at a laying-down cost of under Tls. 1.75 per piece, and more sales than one of them have been effected at very nearly that rate, and paid. The principal selling price, however, ranged from Tls. 1.82 to 1.92, the highest figure being obtained for rather better quality, and the purchases were sent to Japan. For 7-lb. Shirtings, 1873 has been a disappointing season. Prospects were not unfavorable by any means at the opening. Stocks were low, and they had not been so excessive during 1872 as to lead to any fear of over supplying the inland markets; but after last Spring demand was satisfied, trade languished, stocks accumulated, and prices fell until they reached Tls. 1.66 for Dewhurst's best cloth. That was the lowest point, and it occurred in June. Matters, however, did not improve much during the latter half of the

year, and from July to December the highest point reached was Tls. 1.70 per piece, the average rate being Tls. 1.69 for Eagles. 6-lbs.—Fair prices were realised from February to June, but afterwards the demand fell off, and this weight had also to be quitted at a heavy loss on laying-down cost. 10-lbs.—At the beginning of January, the quotations were Tls. 2.40 a 2.55 per piece with a fair enquiry from the trade, and ere a fortnight had passed holders had succeeded in raising rates by fully 5 cands. per piece. Towards the end of February prices had improved still further, and Tls. 2.62 was the quotation for Dewhurst's best cloth; but a reaction set in then, and before the end of May more than Tls. 2.40 could not be obtained. This low rate was the result of heavy forced sales of mildewed goods. When the market was relieved of these, it immediately became healthier and steadier, and good cloth was soon saleable again at Tls. 2.45, gradually advancing until it touched Tls. 2.53, which was the value of Tunsin (Dewhurst's) Eagles on 31st December last.

T-Cloths.—After what we have said in a previous part of this Retrospect in reference to this textile, there is no need for us to do more now than to invite attention to the annexed table of prices, and to say that although these were below cost, that was the most unhealthy and unsatisfactory feature in the trade, during the first six months of the year. The clearances were at no time equal to those of 1872, but during the months of July to December last, the position became worse and worse, until at one time, to use an expression of our Market Report, *T-Cloths* were only conspicuous by their absence from among the week's transactions in Piece Goods.

White Shirtings.—The imports of 1873 were 385,000 pieces, against a consumption of 525,000 pieces, which reduced the heavy stock—viz., 204,600 pieces—with which business closed in 1872, to 64,000 pieces on 31st December last. The deliveries were mostly for the northern ports, and by far the heaviest portion of them was cleared during the six weeks ending on 16th April, the *Customs Gazette* indicating clearances aggregating 147,000 pieces, fully one quarter of the trade of the year. But the spring seems to be always the best season for *White Shirtings*, and while the demand goes on prices generally touch their highest point. Thus on 1st January the quotations were Tls. 1.85 a 1.95 for ordinary 64 Reeds, and Tls. 2.05 a 2.18 for best ordinary and for Dewhurst's chop, but in the beginning of April they had risen to Tls. 2.07 a 2.20 and Tls. 2.25 a 2.30 per piece respectively. While in May and down to end of the year, we find little variation on Tls. 1.85 a 2.00 for the former, with a range of Tls. 2.10 a 2.25 for the latter. From May to October the price for best chops remained stationary at Tls. 2.10 a 2.15, but improved to Tls. 2.22½ a 2.25 in the course of the next three months. The market for the other reeds and qualities of *White Shirtings*, is usually governed by the business in 64 Reeds, and therefore we do not here particularise 56s, 60s, and 72s, other than to note the fact that an unusually small trade was done in the highest reeds last year.

Drills.—The course of the Drill market is very easily defined. Prices opened in January at Tls. 2.87 a 2.95 for 15-lbs. English and Tls. 2.75 a 2.90 for 13 a 14-lbs. Dutch, with a stock of all kinds of only 113,100 pieces. On 30th June they had declined to Tls. 2.53 a 2.83 and Tls. 2.45 a 2.55, the stock being 350,200 pieces. While on 31st December the quotations stood nominally at Tls. 2.40 a 2.75, and Tls. 2.30 a 2.50 per piece respectively. During the whole year a business showing a vast increase over that of previous years was transacted, more especially in the English manufacture, and for a time importers were realising profits, but heavy supplies were continuously poured upon the market, and the result was a steady decline from the commencement of the trade in January to its close in December. Sized *Drills* have played an important part in the history of the article during the year, but the fraud has been already discovered by the consumers, and, doubtless, the dealers in honest cloth will soon be recompensed for their honesty. Meantime they are the sufferers and have been so for many a month. Their imports have cost them far beyond what the artificial production can be sold at, and as consumption has been fed chiefly by the latter, they have been forced to lower their rates or do no business. For many months there has been scarcely any enquiry for *Dutch Drills*, and this is rather strange, considering that in general the Dutch fabric is so much more free from adulteration, and that until quite lately when holders were limited by home orders, they were quite willing to meet the market. Of American Drills there was none here until mid-June, and those then and subsequently imported are nearly all here still. The price has fluctuated between Tls. 3.20 and Tls. 3.60 per piece. Their laying down cost is a good 2 mace per piece over these figures.

Jeans.—The trade in Jeans likewise shows a considerable increase over that of previous years, the country having taken 365,000 pieces against 332,000 pieces in 1872, and 189,000 pieces in 1871, but the imports were also very large, and the stock at the close of the year was fully 10,000 pieces more than it was at the opening. A good demand prevailed in early spring, and under its influence prices advanced from Tls. 2.00 a 2.10 per piece to Tls. 2.07 a 2.15, but enquiry slackened, stocks increased, and the rates declined to Tls. 1.78 a 1.90 for common to best English, which were the quotations at the end of December. Very little of this article has been sold to a profit during 1873. The *American Jean* has not found a place on this market throughout the year, and the import of the Dutch manufacture from its high cost, has fallen short of that of former years very considerably.

Sheetings.—Both English and American have lost heavily throughout. In early January a speculative purchase of Americans at Tls. 3.87 a 3.92 per piece was reported, but after being held for 2 or 3 months the buyers resold at Tls. 3.75 or so. Thereafter another sale was effected at Tls. 3.70 per piece for "Indian Head" to arrive. The merchant, however, a native, lost about Tls. 700 on the transaction. For

English Sheetings the price dropped from Tls. 2.80 a 3.20 in January to Tls. 2.15 a 2.25 in December, and difficulty has been experienced throughout the whole year in selling this article. *Mildew* has seriously prejudiced the market for English cloth.

Fancy Cottons.—With few exceptions this class has also lost money to the foreign merchants, many of whom have continued to import more as a bait to bring the natives around, with a view to buying other imports, than with a view to or under any expectations of profit. There are several staple articles, the trade in which rises to a respectable total value, and which find a market throughout the year. Amongst them we place *Brocades—dyed, Spotted Shirtings, Chintzes, Turkey Red Shirtings, Velvets* and *Handkerchiefs*, but the other fabrics that go to make up this branch have their times and seasons, and it is folly to endeavour to sell them when the demand is off. At the beginning of the year the articles enumerated returned small profits to the importer, but as time drolle on the result was to the bad. Notably amongst them appears *Velvets*, which shewed a selling rate of Tls. 0.27 a 0.30 per yard at the opening, and which before six months had elapsed, had suffered a decline of about a mace per yard. As compared with the consumption of 1872, the *Velvet* trade of 1873 contrasts very favorably, but during the former year business was kept down by the want of supplies, nearly all the cloth manufactured in England having been directed to Germany. Japan has been the chief outlet for our surplus *Velvets* during the season just closed. *Chintzes.*—The clearances are about 20,000 pieces less than the receipts, the respective figures being 273,000 against 293,000, and the stock of 1872 has been increased to the extent of the difference. By the last returns of the Chamber of Commerce it was computed at 104,000 pieces. *Brocades and Spotted Shirtings dyed.*—The total deliveries of these amount to 94,700 pieces, against an importation of 92,400 pieces, and the range of prices has not been a wide one. *Brocades* have ruled pretty steadily at Tls. 2.75 a 3.00 per piece, and for *Dyed Spots*, where there was a sale for them, the dealers have paid from Tls. 2.45 a 2.65 per piece. But *Dyed Spots* have not been in favor and the trade in them has been insignificant. They are mentioned in connection with *Brocades*, from the fact of imports and deliveries often being grouped together and so confounded in the Customs Gazette statistics. *Turkey Reds.*—About 110,000 pieces of these sum up the trade of the year. On the other hand the importations have been 126,000 pieces, yet notwithstanding this excess rates have been maintained at a remunerative point generally, while some of the preferred chops have been eagerly bought by the dealers at prices which give a very fair profit. We commence 1874 with a supply of nearly 40,000 pieces, and some expectations from floating cargoes.

Woolens. No particularly striking event has marked the woollen trade of 1873. The clearances, as compared with those of 1872, have increased, but (Long Ells excepted) the imports have more than kept pace with

them; and stocks were heavier at the close than they were at the beginning of the year, and, as with cotton manufactures, the results have been against the importers. At the opening, the prospects were promising rather than otherwise. The abundant harvests of 1872, and the prevalence of peace, had conduced to the prosperity of the people in the consuming districts, and this, with the lightness of stocks, led to the expectations of an increased and more satisfactory business in woollens during the past year. Yet, notwithstanding that the country—meaning thereby the Western Provinces, where the foreign woollen manufactures are chiefly used—has been blessed with a continuance of peace and plenty, only the hopes as to increase have been realized. Over-supply has paralyzed every effort of the importing merchant to raise prices to a paying pitch, and even *Scarlet Long Ells* did little more than “come out” at Tls. 7.10 in December last, when, owing to their scarcity, they reached that figure. This article has risen steadily in value throughout the whole year, and the foregoing rate showed an advance of Tls. 1.10 per piece from the opening of the market in January; but Importers have not, as a rule, been much the gainers by this improvement. About the middle of the year, one or two speculators cleared the market of all good chops, and they pocketed whatever profit was going. Very little good has been done in *assorted Long Ells*, which, for many a month past, have been most difficult to sell to the natives. Stocks, however, are now exceedingly low, and if—before the regular Spring demand set in—they are not materially increased, the probability is that holders will get well out of them.

Lustres.—Although a large trade has been transacted in these, it has been a most unsatisfactory one; and we commence 1874 with a supply of all kinds, which renders the probability of profits on them very doubtful indeed, to use the mildest language. A reference to the annexed table will show the downward course of the market during 1873. The largest portion of the business was done during the last six months of the year, and it was in the course of these that prices dropped to the low level at which they closed on 31st December. *Plain Lustres* have been bought by the Japanese dealers principally. *Crapes* and *Figured Orleans* have found buyers partly amongst the Japanese, but chiefly among the Tientsin and up river merchants.

Lastings.—These have maintained a steady course throughout. Prices have varied very little from the opening to the close of the year. Some parcels have been sold to a profit, but the great proportion of the imports have lost money. *Crape Lastings*.—Very few best *Crapes* have been imported, but notwithstanding their scarcity it has been found impossible to establish a wider range of prices than is shewn between Tls. 9.00 and Tls. 9.20 per piece. For No. 2 *Crapes* there has been more enquiry, but even they have remained stationary, at Tls. 4.80 a 6.00, throughout the year. The stocks at the beginning of the year are not excessive.

Camlets.—A considerable increase in the consumption of English Camlets has taken place during 1873; and in the early part of the year, the market seemed to be hardening and to give promise of better things, but then came a lull; stocks accumulated slightly, and prices fell from Tls. 15.85 in spring to Tls. 14.20 a 15.10 in December. In the Dutch manufacture comparatively little business was recorded. The excessive imports of inferior Dutch Camlets have interfered sadly with the sale of the best article. The former were selling freely during the season at Tls. 16.00 a 17.00 per piece, and yielding a profit at that, whereas only a few of the finest Camlets only were sold at Tls. 20 a 21, and one sale of 100 pieces crack chop was booked at Tls. 22.00 per piece. The trade in this article collapsed as usual in March, and since then any contracts have been with a speculative view.

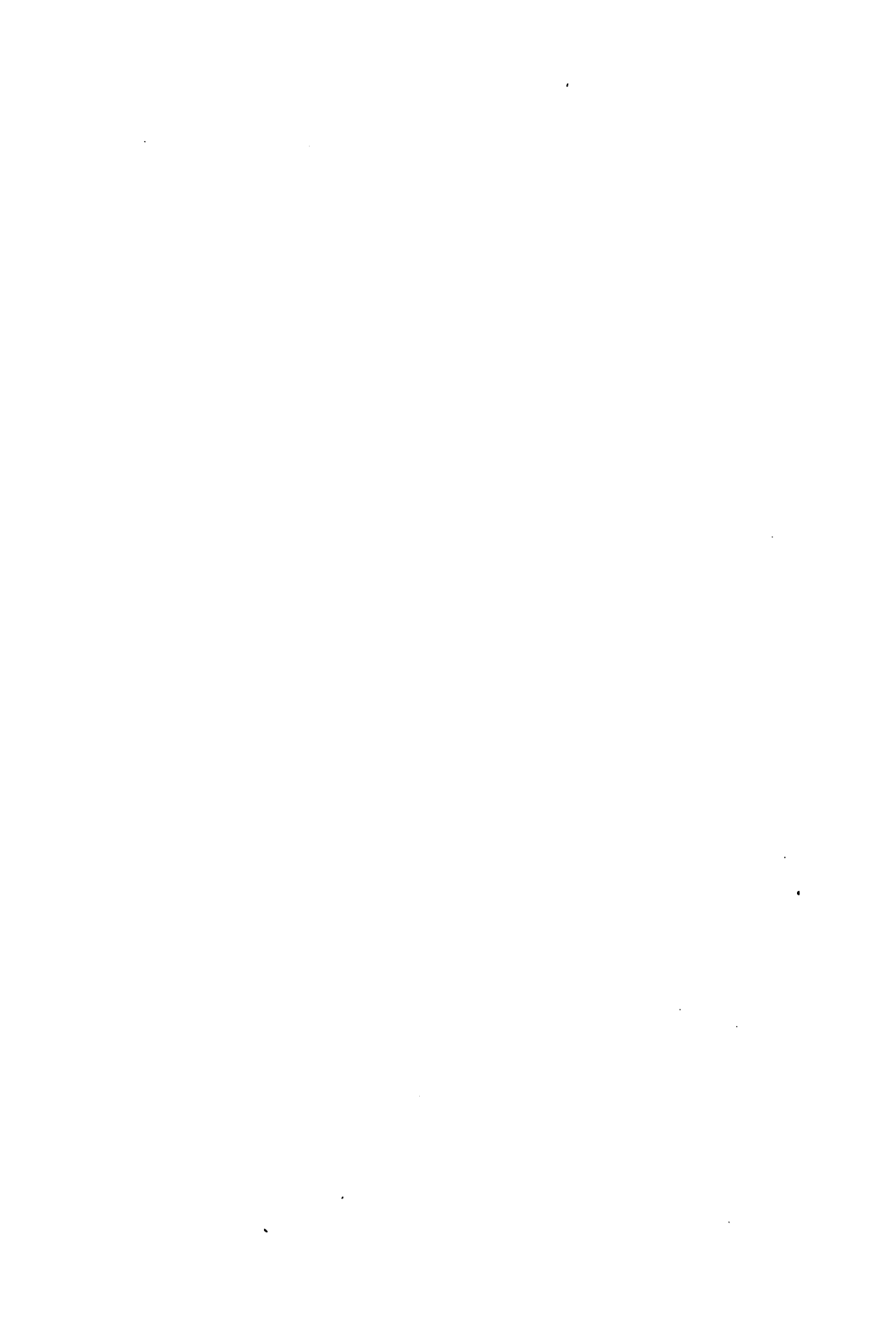
Spanish Stripes and Medium Cloths.—Of the latter it is difficult, in the small space at our command, to convey a true idea of the business of 1873, so many different cloths being included, because, principally, so many different qualities are embraced under the one heading, and the range of prices is so wide. It is enough to point out that a steady increase in the trade is yearly going on, from which we may infer that some good has been done in them to induce a continuation of their import, and we believe there was money cleared by them last autumn, when heavy sales of German cloth were made to native speculators at Tls. 1.00 up to Tls. 1.40 per yard. A considerable portion of those purchases are still in Shanghai, however, (advanced upon by banks and money-lenders), the balance having been sold to the inland merchants at a very heavy loss to the speculators. Towards the close of the year, foreign holders could scarcely effect any sales of medium cloth. *Spanish Stripes.*—These also show a marked extension of the trade. About 65,000 pieces went into consumption, but the imports were heavier still, and consequently stocks are now in a less favourable position than they were at the close of 1872. The T.T.B., C.P.H., and H.H. chops continue to rule the market, and as the first-named is now a firmly-established standard, and holds a middle place between these two others, we have given it prominence in our table of prices, with a reference to which we conclude our Retrospect on the Piece Goods Market of 1873.

TABLE OF IMPORTS AND CLEARANCES.			PRICES.					
	Total Imports 1873. Pieces.	Total Deliv- eries 1873. Pieces.	Stocks on 31st Dec. 1873. Pieces.	1st January.	1st April.	1st July.	1st October.	1st December.
Grey Shirts, 6 lbs.....	4,400,000	5,140,000	540,000	1.58 a 1.60	1.50 a 1.56	No rate.	1.30 a 1.34	No quotation
7 lbs.....				1.65 ,, 1.70	1.66 ,, 1.72	1.57 a 1.68	1.55 ,, 1.69	1.51 a 1.67
8½ lbs.....				1.84 ,, 1.91	1.90 ,, 1.97	1.83 ,, 1.95	1.86 ,, 1.96	1.86 ,, 2.00
White Shirts, 56 reed	385,000	523,000	65,000	2.35 ,, 2.50	2.45 ,, 2.60	2.35 ,, 2.50	2.35 ,, 2.53	2.35 ,, 2.50
60 reed				1.65 ,, 1.70	1.85 ,, 1.95	1.70 ,, 1.78	1.75 ,, 1.80	1.80 ,, 1.85
64/66 reed				1.78 ,, 1.70	2.00 ,, 2.15	1.80 ,, 1.95	1.85 ,, 1.95	1.85 ,, 2.00
72 reed				1.85 ,, 2.18	2.07 ,, 2.30	1.90 ,, 2.15	1.90 ,, 2.15	1.90 ,, 2.25
T-Cloths,	1,685,000	2,280,000	1,260,000	2.50 ,, 2.60	2.40 ,, 2.72	2.35 ,, 2.65	2.35 ,, 2.65	2.35 ,, 2.65
6 lbs com.				1.10 ,, 1.15	1.10 ,, 1.16	1.02 ,, 1.08	1.04 ,, 1.10	Nominal.
" Mex.				1.20 ,, 1.30	1.30 ,, 1.40	1.20 ,, 1.30	1.15 ,, 1.25	
7 lbs com.				1.25 ,, 1.30	1.28 ,, 1.36	1.10 ,, 1.23	1.15 ,, 1.24	
" Mex.				1.35 ,, 1.52	1.40 ,, 1.65	1.38 ,, 1.56	1.38 ,, 1.64	
8 lbs	1.55 ,, 1.70	1.70 ,, 2.88	1.60 ,, 1.78½	1.56 ,, 1.76				
Drills, English, 15 lbs	1,315,000	1,005,000	397,000	2.85 ,, 2.98	2.75 ,, 2.88	2.55 ,, 2.83	2.55 ,, 2.80	2.40 ,, 2.75
Dutch				2.75 ,, 2.90	2.65 ,, 2.80	2.45 ,, 2.65	2.38 ,, 2.50	2.30 ,, 2.50
Jeans, English.....	387,000	365,000	96,700	None.	No price.	No price.	3.40 ,, 3.50	3.40 ,, 3.55
Dutch				2.00 a 2.10	2.00 a 2.10	1.85 a 1.95	1.83 ,, 1.95	1.78 ,, 1.90
Sheetings, American.....	76,000	72,000	50,000	2.15 ,, 2.30	2.20 ,, 2.30	2.00 ,, 2.10	2.00 ,, 2.02	2.10 ,, 2.23
English				3.70 ,, 3.90	3.70 ,, 3.90	3.75 ,, 3.85	3.70 ,, 3.75	3.90 ,, 3.40
Spotted Shirts, White.....				2.80 ,, 3.20	2.75 ,, 3.10	2.60 ,, 2.95	2.60 ,, 2.95	2.20 ,, 2.60
Brocades	101,000	112,000	17,495	2.08 ,, 2.15	2.08 ,, 2.15	2.08 ,, 2.10	2.08 ,, 2.10	2.08 ,, 2.10
Dyed				2.60 ,, 2.75	2.55 ,, 2.65	2.55 ,, 2.65	2.45 ,, 2.60	2.45 ,, 2.60
White.....				2.70 ,, 3.05	2.70 ,, 3.00	2.90 ,, 3.15	2.75 ,, 3.00	2.80 ,, 3.00
			250	2.15 ,, 2.25	2.15 ,, 2.25	2.15 ,, 2.25	2.15 ,, 2.25	2.15 ,, 2.25

Damaaks	25,700	3,400	4.40	4.87	4.40	4.90	4.40	4.90	4.40	4.90	4.40	4.90
Gentian Shirtings	40,300	250	2.30	2.55	2.35	2.55	2.35	2.55	2.35	2.55	2.35	2.55
Turkey Reds, 32 in., 2½ a 3 lbs	125,900	37,900	1.97	2.15	2.05	2.20	2.00	2.15	1.85	2.10	1.85	2.15
Chintzes, Assorted.....			1.36	1.65	1.36	1.65	1.40	1.60	1.30	1.55	1.30	1.55
Blue and Brown	292,000	104,750	1.15	1.25	1.35	1.55	1.30	1.40	1.25	1.35	1.25	1.35
Adrianopies			1.55	1.65	1.45	1.60	1.45	1.60	1.40	1.50	1.40	1.50
Dimities	14,000	7,900	1.10	1.30	1.20	1.57	1.20	1.57	1.20	1.57	1.20	1.57
Muslins.....	46,000	14,900	0.70	0.80	0.75	0.85	0.62	0.75	0.62	0.75	0.62	0.75
Handkerchiefs	295,000	149,000	0.50	0.57½	0.45	0.57½	0.47	0.62	0.45	0.60	0.45	0.60
Velvets, 22 inch	62,000	6,938	0.25	0.30	0.18	0.20	0.16	0.19½	0.18½	0.20	0.18	0.19½
Velveteens, 18 "	30,400	7,000	0.14	0.15	0.14	0.15½	0.13½	0.14½	0.14½	0.15½	0.13	0.14½
26 "			0.19	0.32	0.19	0.23	0.22	0.24	0.21	0.22	0.19½	0.22
Camlets, S. S.	87,000	23,400	15.30	15.80	15.30	15.65	14.50	15.10	14.30	15.10	14.20	15.10
Long Ells, Scarlet	77,000	16,600	*6.00		6.25		6.30		6.40		7.10	
Assorted			*5.80	5.85	6.00	6.10	6.00	up.	6.25	6.30	6.25	6.35
Lastings	51,000	8,700	10.50	12.00	10.00	12.50	10.00	12.00	10.00	11.55	10.00	12.00
" Crape		4,270	5.20	9.50	5.20	9.00	4.80	9.00	4.80	9.20	4.80	9.20
Lustres, Crape		11,900	3.80	4.10	3.80	4.20	4.20	4.50	3.80	4.00	3.80	4.00
Figured (Orleans)	336,000	124,000	3.70	4.70	3.50	4.40	3.50	4.40	3.20	4.20	3.20	4.20
Plain		17,500	4.10	4.25	4.00	4.10	4.00	4.10	3.90	4.05	3.80	4.10
Spanish Stripes	71,000	34,000	+0.69		0.71	0.68	0.71	0.61½	0.61		0.60	
Medium and Broad Cloths	48,000	19,000	0.75	1.65	0.75	1.65	0.75	1.65	0.75	1.65	0.75	1.65

* Quotations of C.P.H.

+ Quotations of T.T.B.



1874.

SILK. When reviewing the course of this Market in 1873, we attempted to give a summary of the various causes which had led to the great decline in the value of Silk during that year, viz., increasing supplies both here and in Europe, deteriorating quality, a natural reaction from the over-speculation of several previous years, and a spirit of economy throughout the World, and most notably in France and America, which greatly restricted the use of this article of luxury. Although the fall in values during that year amounted to no less than Tls. 100 per picul, or from 20 to 30 per cent., a depreciation which, in a trade characterised by such extreme competition as this, entailed enormous losses on all concerned in it, yet, as it has proved, we were not even then at the end of the decline. Before the disastrous Season of 1873-74 closed, prices had dropped another Tls. 60 per picul, or 15 to 20 per cent., and the value of China Silk was on the average less than two-thirds of what it had been only a year and a half before, while common Silk of nearly all classes was worth barely half its previous value.

So great was the disorganization of the trade in Europe, that Silks bought here even at this great decline showed heavy losses on arrival there. On the panic-stricken Markets of last July and August in London, Tsatlee Silk was forced off by Auction at 14s. for Red Peacock, and 10s. *a* 11s. for the lowest grades, which in January 1873 had been worth 21s. 6d. *a* 22s. 6d. This proved, however, to be the turning point of the market, and we have since seen a fair increase in consumption, a recovery of 5 *a* 10 per cent. in values, and a trade which, so far as the present Season has gone, has on the whole yielded a fair commission to Exporters.

It is much to be regretted that there is, as yet, no perceptible improvement in the reeling of our Silk. The Crop of 1874-75, like those of the two preceding Seasons, has been coarsely and irregularly wound and imperfectly cleaned, which is the more unfortunate as the demand of consuming markets has been entirely for fine-sized Silks. Coarseness of size has not been by any means confined to the lower grades, for many of the best known Chops have shown a great deterioration in this respect. Hence best Chop Silks have as a rule given poor results to Exporters, and would now appear to be unduly high in proportion to lower qualities. On 1st January 1873, best Chop No. 3

Tsatlee was worth Tls. 560, and it is now worth Tls. 410; the commonest Tsatlee was then worth Tls. 410, and it is now worth Tls. 260; the fall on each class has been Tls. 150 per picul, but whereas No. 3 then cost 37 per cent. more than common, it now costs 58 per cent. more, a difference in value great beyond all precedent.

One of the most notable features of the year has been a continuance of the great increase in the direct Export to the Continent of Europe; this compares with that to London and America as follows (an allowance which it is impossible to accurately estimate, but which is supposed not to exceed 2,000 to 3,000 bales per annum must be made for Silk shipped to Marseilles with the option of afterwards being taken on to London if required):

	1871.	1872.	1873.	1874.
London	35,579 bls.	38,259 bls.	33,616 bls.	33,846 bls.
Continent	10,317 ,,	12,223 ,,	16,217 ,,	28,054 ,,
America	2,677 ,,	4,142 ,,	2,714 ,,	4,127 ,,
	<u>48,573 bls.</u>	<u>54,624 bls.</u>	<u>52,547 bls.</u>	<u>66,027 bls.</u>

It is encouraging, however, to note that, although London has thus been to a very great extent deprived of her former large re-export trade to the Continent, yet deliveries from the London warehouses show this year a fair increase, the figures being:

In 1871.....	33,710 bales.
„ 1872.....	29,389 ,,
„ 1873.....	32,831 ,,
„ 1874.....	37,118 ,,

which would seem to indicate a substantial increase in the Silk consumption of England.

If London continues to take off 37,000 bales per annum, while the Continent receives direct 28,000 bales, this, with the demand for America and India added, is sufficient to balance our present supply. But before the trade can be considered in a sound state, we require a still further growth of consumption, to reduce the excessive stocks of Raw Silk which are held all over the World, and also to provide for the increasing crops which we may naturally expect will be produced.

In dealing with the crop of North-China, we have a powerful aid in the native consumption, which is unanimously reported to have increased considerably under the stimulus of low prices. It is impossible to obtain definite figures, but it is believed that this season 35,000 to 40,000 bales of the Silk produced in this neighbourhood have been taken for Chinese use, the bulk of these being Taysaam sorts.

Present prices would appear to be sufficiently low to stimulate everywhere the increased use of Silk, and it is not so much any further reduction of cost that is required, but rather time to allow the Silk industries of Europe and America to develop themselves. We have

had abundant evidence how quickly any rise in prices gives immediate check to the growth of consumption, and any considerable advance at the present time would perhaps be the greatest calamity that could happen to the trade. French consumers appear to have appreciated the altered position of Silk much more accurately than London merchants. The advices of the former have apparently been generally to buy freely as long as prices were about the basis of Tls. 295 *a* 310 for Red Peacocks and Tls. 355 *a* 370 for No. 1 Gold Lion, and these Silks as a rule must have given a fair return. Fair profits have also been made by Shanghai houses who picked up cheap parcels at quiet moments of the market. But the bulk of the orders sent out from London have been during excited bursts of speculation, when Chinese were able to dictate their own terms, when this market was forced up to Tls. 325 *a* 330 for Red Peacocks, and Tls. 385 *a* 395 for No. 1 Gold Lion, and Silk bought at this range has shown a loss on arrival.

Another remarkable feature of this season is the unprecedentedly large Stock which has been held in Shanghai, and which in August reached no less a figure than 19,000 bales. This is said to have been caused by the fact that Native Banks and Pawnshops in the country had lost so heavily from losses on unreclaimed Silk during the previous two years, that many of them refused any longer to advance on the produce.

The fluctuations in the value of different classes of Silk during 1874 have been approximately :—

	1st Jan. Ex. 5/9	1st June. Ex. 6/1	31st Dec. Ex. 5/9
Chop No. 3 Tsatlee	475	400	410
Red Peacock ,,	385	300	315
Commonest ,,	310	220	260
Fatmow's No. 2 Haining	400	325	335
Market No. 1 Re-r. ,,	450	370	380
No. 2 Kahing	380	290	305
No. 3 Chincum	300	230	250
Average Shaouhing.....	275	220	235
,, Laeyang	260	205	225

The business done in the several months of the year may be summarised as follows :—

January.—Settlements to date for the season 1873-74 were 47,100 bales, and Stock 6,000 bales. Chop No. 3 Tsatlee was worth Tls. 455 *a* 475, Red Peacocks Tls. 385, and the commonest Tsatlee Tls. 310. The market throughout the month was quiet, with prices tending downwards, closing at a decline of from Tls. 10 on best Silks to Tls. 30 on common sorts. Settlements amounted to only 2,300 bales, and stock at the close was 5,500 bales.

February.—The same quiet tone prevailed, and only 1,900 bales were bought at a further small decline, leaving 4,000 bales in stock. The closing rates were Tls. 440 *a* 460 for Chop No. 3, Tls. 350 *a* 355 for Red Peacocks, and Tls. 280 for common Tsatlee.

March.—In consequence of a slight recovery on the European Markets, a large business was done, and prices advanced Tls. 10 *a* 20, but in the end of the month there was a reaction, and they closed somewhat lower than before. Holders took advantage of this spurt to move off nearly all the remaining good and fair Silks in stock, and only 1,500 bales were left in Shanghai. The last quotation for Red Peacocks of this season was Tls. 345.

In *April*, 2,300 bales of common Silk were settled at continually drooping prices, and early in *May* about 400 more went forward, closing the season with an Export of 57,000 bales. The results of the earlier part of this crop were indicated in our last retrospect, and we need only add that the last 10,000 bales shipped since 1st January, although costing comparatively very low, must have lost on the average about 20 per cent.

June.—The market for new Silk opened very quietly on the basis of Tls. 300 for Red Peacock and Tls. 235 for common Tsatlee, being a fall of Tls. 100 *a* 115 from the opening rates of the previous Season, which in turn were Tls. 60 *a* 80 below those of June 1872. In consequence of continued unfavourable advices from Europe, very little was done for the first three weeks, and prices declined Tls. 5 *a* 15. A large demand then sprang up, and the month closed with a most excited market at a rise of Tls. 30 *a* 40 from the lowest point, Chop No. 3 being worth Tls. 395 *a* 415, Red Peacocks Tls. 325, and common Tsatlee Tls. 255. Settlements were 7,500 bales, and Stock 5,000 bales.

The shipments of this month arrived to very bad markets in Europe, and if sold on arrival must have left considerable losses. The only exceptions were the coarser sorts of Taysaam, which were bought here at low prices, and of which there was a very small stock, both in London and on the Continent.

July.—The excitement in our market very soon subsided, and although a large steady business was done, the course of prices was uniformly downwards, and we closed about opening rates. Arrivals from the country were so enormous as to stagger the confidence which had been felt in the lowness of prices, and although 13,000 bales were settled, stock at the end of the month had increased to 17,500 bales.

In *August*, the disastrous advices received from London, where large unreserved auction sales were being held, greatly restricted buying for that market, and of 9,500 bales settled, the greater part were for the Continent. Prices touched the lowest point we have yet seen, viz.: Tls. 365 *a* 385 for Chop No. 3, Tls. 295 for Red Peacock, and Tls. 225 for common Tsatlee. These Silks, arriving to the active speculative markets of October, paid on the average nearly 10 per cent. Stock showed a slight reduction, and after touching the highest figure of 19,000 bales, remained at the close 15,000 bales, supplies from the country having fallen off in consequence of the lowness of our prices.

September saw an advance of Tls. 20, and on some classes, especially common Tsatlee, as much as Tls. 40 per picul, but this was not maintained, and the market closed quieter at Tls. 390 *a* 400 for No. 3, Tls. 305 for Red Peacocks, and Tls. 245 for common. The business done amounted to 12,000 bales, and stock was 13,000 bales.

Early in *October*, a large speculative movement in London caused an active business, and prices rapidly advanced Tls. 20 *a* 30; and although the demand died away, holders continued firm at Tls. 420 *a* 430 for No. 3, Tls. 335 for Red Peacock, and Tls. 270 for common Tsatlee, being the highest point touched as yet this season. Settlements were 11,000 bales, making up the large figure of 53,000 bales in five months. Stock remained nearly unchanged.

November.—Buyers refused to go on at the high range of prices established, and as holders remained firm, the settlements for the month reached only 1,200 bales, stock being increased to 14,000 bales. Closing quotations were only Tls. 10 below the highest point of *October*.

December.—During the first half of the month, the same quiet tone prevailed, and prices declined Tls. 5 *a* 10. A better demand has since sprung up, and this fall has been recovered, the market closing steady. This month's business amounting to 4,600 bales, the total to date for the Season is 58,800 bales. Stock has been reduced by about 1,200 bales Taysaam being sent back into the country for Chinese use, as also 300 bales Haining to be re-reeled, and is now about 9,000 bales. Total supplies for the Season are variously estimated at from 70,000 to 72,500 bales, and it will chiefly depend on the course of prices during the remainder of the Season which of these figures is more nearly correct.

Tea. In reviewing the course of the *Black Tea* market during the past year, it cannot be said to offer much subject for congratulation. A season in which the London market, from its exceptionally favorable statistical position, offered a more than usually promising prospect, has been ruthlessly and recklessly sacrificed by the unreasoning impatience of shippers, and their obstinate adherence to the time-honored, but worn-out, tradition, that an interest in first shipments, on any terms, is sure to be profitable. This again caused such undue competition for first arrivals from the country, before any accumulation of stock was permitted, that at the very commencement a range of prices was established unwarranted by the experience of former years, and which, though saved from resulting disastrously by that same exceptional position of the article, had its effect in causing a high standard of price during the whole season. It is true, it might be argued, that this favourable position did justify a bolder action than usual; but as it cannot be known at the opening of the market how much tea is coming forward, and as the reduction in stock it had taken years to arrive at, might be neutralized

in a few months by increased production, and consequent heavy shipments, this argument falls to the ground.

It was calculated that when the first of the new teas arrived home the stock of Congou in London would be smaller than had been known for many years; and this expectation was confirmed when the Board of Trade returns to the end of June were published. It was then found that the stocks of Congou in bonded warehouses were:—

	lbs.			
On June 30, 1874.....	33,000,000	or	3½	months consumption.
Against " 1873.....	41,000,000	"	4½	" "
" " 1872.....	49,000,000	"	5	" "
" " 1871.....	50,500,000	"	5	" "
" " 1870.....	58,000,000	"	6½	" "
" " 1869.....	49,000,000	"	5½	" "
" " 1868.....	45,000,000	"	5½	" "
" " 1867.....	63,000,000	"	7½	" "
" " 1866.....	70,000,000	"	10	" "
" " 1865.....	68,000,000	"	9½	" "

The first arrivals at Hankow took place on the 23rd May, when 16 chops were shown, and on the same day three parcels, Cheong Sow Kye teas, were purchased at Tls. 37 a 37.50, or about 4 Taels over the opening rates of the previous season. The standard of price having been thus established, settlements were continued on the same basis during the next fortnight, by which time nearly the whole of the first crop, amounting to one-third of the whole season's export of Black from Northern Ports, had been settled. Teas from inferior districts realized proportionately high prices. The following table will shew the comparative prices of the two seasons for the first 22,000,000 lbs.

	1874.	1873.
Costing 2/6 a 3/6.	2,300,000 lbs.	1,500,000 lbs.
2/0 a 2/6.	7,600,000 "	5,600,000 "
1/6 a 2/0.	11,600,000 "	13,600,000 "
1/1 a 1/6.	500,000 "	1,300,000 "
	<hr/>	<hr/>
	22,000,000 lbs.	22,000,000 lbs.

The quality of the crop, with the exception of the Ningchows, was hardly up to the average, but the teas from this district were probably the best that have ever come forward, their quality almost justifying the excessive rates that were paid for them. Most of these kinds were taken for the Russian market.

The first vessel to leave was the *Agamemnon*, on the 26th May, but she was unfortunately delayed through grounding in the river, and left eventually on the 28th; followed by the *Glenartney* on the 29th, and the *Glenfalloch* and *Hongkong* on the 31st May. The rates of freight, and the rate of exchange, ruling up to the time of the departure of the last steamer were as follows:—

1874.....	Freight by steamer	£5.10.	Exchange	6/3 a 6/3½
1873.....	" "	5.00.	"	6/3 a 6/4
1872.....	" "	5.00.	"	6/4 a 6/7

The sailing-vessels *Ada* and *Cutty Sark* loaded at £4. 12s. 6d. a £5. 0s. 0d. per 50 feet.

The *Glenartney's* was the first cargo of new tea put on the London market, where with so bare a stock it could not meet with other than a ready demand; and, had it not been that prospective profits had been discounted in China, and already gone into native hands, must have given a most satisfactory out-turn. As it was, cost on this side had been so high, that willing as dealers were to pay full prices, they were not prepared for the excessive rates necessarily demanded to cover China cost; and consequently contented themselves with buying for their immediate requirements. It was a fact pregnant with significance that, while they refrained from making offers high enough to cover prime cost of really good teas, they took freely almost anything that was offered for price with very little regard to quality. The loss of the *Gordon Castle*, however, helped the position of the high cost teas, and these were gradually quitted at prices for which the most that can be said was, that they did not lose much. Common grades by the first two ships, and occasional parcels of well bought fine teas, paid fair profits.

By the first week in June, the great scramble in Hankow was over, and on the 9th, the Shanghai market was opened. Prices were about on a par with Hankow rates, with the exception of a few remaining parcels of fine teas, which were bought shewing a loss on Hankow offers. During the whole of the latter part of June, however, supplies were scanty, and business consequently restricted, for second crop teas had not yet had time to arrive, while the first crop was already exhausted, and never before has the interval between the first and second crops been so distinctly marked. The latter began to come forward about the first week in July, and found buyers up to 27 Taels for Oopacks, and 33 Taels for Ningchows. The quality of these teas was by no means good, but arrivals were so scanty, partly owing to the large quantity settled in Hankow, that teamen were easily enabled to maintain rates, which averaged fully 2 Taels above those of the previous season, were equal to the prices of 1872, which resulted so unfortunately, and were Tls. 5 a 6 higher than those ruling in 1870 and 1871. During the early part of August there were much freer supplies, but daily settlements were so large that stocks never reached over 35,000 chests, against a maximum of 42,000 chests in 1873, 56,000 in 1872, 66,000 in 1871, and 100,000 in 1870. Third crop teas began arriving about this time, and were eagerly taken at full prices. As each batch of musters was put on the market, a steady and continuous falling away in quality was apparent; and by the end of September it was evident the season was drawing to a close. From this date till the middle of November, when the last muster was shewn, arrivals were small, and the season finished at the earliest date on record. The total export of Congou from Northern ports aggregated 77,200,000 lbs., which was divided as follows:—

	1874-75	1873-74	1872-73	1871-72
To Great Britain	68,000,000 lbs.	63,500,000 lbs.	65,000,000 lbs.	70,500,000 lbs.
„ America	1,600,000 „	800,000 „	1,300,000 „	2,000,000 „
„ Australia .....	.....	.....	.....	600,000 „
„ Continent.....	4,000,000 „	4,700,000 „	4,100,000 „	1,900,000 „
„ Siberia v. Tientain	3,600,000 „	6,800,000 „	5,000,000 „	2,200,000 „
	<u>77,200,000</u>	<u>75,800,000</u>	<u>75,400,000</u>	<u>77,200,000</u>

During the year there had again been a considerable amount lost at sea, which reduced the actual quantity of black leaf Congou available for consumption.

	Were lost with
In 1874-75. The <i>Canton</i> and <i>Gordon Castle</i>	2,518,130 lbs.
1873-74. „ <i>Drummond Castle</i> and <i>Singapore</i>	4,550,621 „
1872-73. „ <i>Parnassus</i> , <i>Lahloo</i> , and <i>Lalla Rookh</i>	3,875,389 „

The greater portion of the above export has already arrived in England, and although no serious losses have been made, the result to shippers has been very bare. The most satisfactory out-turn was on common teas early in the season, a few "on fine" Ningchows, which were bought shortly after the opening of the Shanghai market, and the earlier shipments of medium second crop teas. While the worst results have been on inferior second and third crop teas, especially clean common Oonam kinds, which, falsely called Oonfaas, were bought at Tls. 19 a 22, and in many instances could only be quitted at a loss of 1d. to 2d. per lb.

The proportion of tea shipped by steamer and sailing vessels, has been more in favor of the latter this year than last. Many shippers anticipated that by the time of the arrival of the sailing vessels the market would have recovered from the weight of shipments crowded forward by steamer, and that their teas, being of earlier growth and consequently better quality than those arriving at the same moment by steamer, would have the preference, and realize full rates. This anticipation has, with a few exceptions, proved fallacious. The great bulk of the business at home seems to be done in the first few months after the arrival of the new tea. After that, with the exception of an occasional spasmodic period of speculation, dullness prevails. Stocks decrease month by month, without assisting matters. Prices drag and droop, and there are no signs of life in the market till the next arrival of new teas sets things going again. There can be little doubt, also, but that teas shipped by steamer arrive in better condition, and fresher, than those by sailing vessel. The proportion of tea (Black and Green) shipped by steamer and sailing vessel from Shanghai and Yangtze ports to the United Kingdom, is as follows :—

	Steamer.	Sailing Vessel.	Total.
In 1874-1875.....	53,500,000	24,500,000	78,000,000
„ 1873-1874.....	57,500,000	14,500,000	72,000,000
„ 1872-1873.....	45,500,000	30,500,000	76,000,000

During the past year Foochow teas have been recovering the position they had so long lost. After the bad crops of 1868, 1869 and 1870, red leaf Teas fell into disfavor with the home trade, and the prejudice against them was so great that, till within the last two years, black leaf teas were taken in preference to red leaves, even when the latter were palpably superior to the former. During the last two years, however, this prejudice seems dying away. This has had an effect decidedly adverse to Northern Teas, which is increased by the excessive export from Foochow.

A new element of loss to shippers, has been becoming prominent during the past season, and this is the risk they incur by the scandalous way in which their property is treated by nearly every line of steamers from Shanghai, with the exception of those belonging to Holt's and the Mail Companies. It has been found lately that many outside steamers deliver a portion of their tea so burnt and dried up through being stowed near the boilers, that heavy claims are put in by the retail buyers of the tea for difference in sample. There is no hope of obtaining restitution from the ship, as no proof can be maintained. An instance was advised a few mails ago, in which an invoice was sold and gave £150 profit, but on inspection a great many of the chests were so dried up that instead of a profit the loss is nearly £200. In another line the owners have the vessel put into dock and work overside, so that it is generally two or three weeks before the lower tiers of teas come to light; and even samples can only be obtained with difficulty, application to the owners themselves being met with the utmost discourtesy and contempt. Another item is the careless way in which Singapore cargo is taken in without any pains to separate it properly from the tea. Captains of steamers leaving China, and calling at Hongkong and Singapore and other ports for freight to fill up, place essential oils, pepper, &c., &c., and such like deleterious matters, on the top of the tea; and whole cargoes are not unfrequently deteriorated 1d. a 2d. per lb., through this cause. It is so difficult to enforce any claim on this account, that instances frequently are allowed to pass without notice. But the remedy lies on this side; and that the evil is allowed to continue without protest, is characteristic of the way in which business is usually conducted in China.

Green Tea. On reference to the second paragraph of our retrospect of last year's business, we cannot but marvel at the report we have now to present to our readers, it being for the most part a recital of continuous losses and disastrous results to all concerned in the Trade.

At the close of season 1873-74, profits were advised on October and November shipments of 3d. a 4d. per lb. These advices had the usual effect of bringing forward extra supplies of the leaf, which being shipped off at the equivalent of London rates,—on the advanced scale—

met a reacting market, and lost heavily. Some expectation was formed, therefore, that opening rates of the current season would be reasonable; the moderate stocks held in London and New York also afforded some confidence to operators at this time.

The increasing popularity of Japan Teas in America has stimulated their production considerably; so much so, as to interfere seriously this season with ordinary calculations regarding the shipments of Green Tea from this Port. The preference now given to steamers for early shipments direct to the States, caused such an excess in the supply at an early period, that the results were simply ruinous, further impetus being given to the downward course of the market by Importers forcing off their Teas *without reserve*. This state of affairs in America had its effect upon the London market, and many shipments were realized there which were originally intended for New York.

Stocks in London were exceedingly moderate on the arrival of New Pingsueys, but any advantage to be derived therefrom was entirely dissipated by the dreary prospect in America, combined with the excessive quantities offered without reserve immediately on arrival. To the present time, the London market has gradually declined with remarkable consistency, and at the latest dates shows no signs of reaction. On the other hand, the American market has advanced, owing presumably to the prospect of a duty being imposed, and we think in some measure to a long pause in arrivals. Still, it has not more than reached the level of the English market, and although the advance amounts to the equivalent of about Tls. 6 per picul, quotations continue to shew a loss on shipments of first crop fine grades of Moyunes, Teenkais and Pingsueys.

Musters of New Pingsueys were shewn in bulk about the 20th June, and buying almost immediately commenced, much to the surprise of the natives, at prices some three to four taels above their anticipations, and certainly beyond what they could possibly expect from the position of the consuming markets; anxiety to secure early arrivals by first steamers in New York and London being the incentive to buyers. The decided improvement in the liquoring qualities of the teas, seemed such as to entitle them to a good reception by the Home Trade. This however, was more than counteracted by a general want of style and an unevenness of colour. A strong and advancing market was reported until the departure of the Pacific Mail of July 3rd; then a somewhat easier tone caused a decline of Tls. 2 per picul. The fact of there being two large steamers on the berth direct for New York, again induced firmness and a slight recovery from the decline in prices.

About the second week in July, a few Taiping and some Hoochow Teas were offered, and eagerly taken at fully last year's prices; the quality was improved in liquor, while in the leaf signs of hasty manipulation were apparent. At the close of the month, the arrivals were 40,000

half-chests in excess of the previous season; settlements being only 50,000 half-chests against 40,000 half-chests, leaving the exceptionally heavy stock for this early stage of the season of 50,000 half-chests, against 21,000 half-chests. The new Teenkais and Fychows began to arrive on the 23rd July, and a chop was immediately settled at the extreme quotation of Tls. 47 per picul; the quality of these teas was good in the cup, and decidedly superior in make and appearance.

During August, the market declined 2 to 3 taels, leading to a large business for London and America. Moyunes arrived towards the close of the month, and met with eager competition, at rates on a par with the previous year; the quality was of a fair average. Telegraphic advices of first sales of Pingsneys in New York caused these grades to be neglected, except by a few sanguine operators for the London market.

In September, prices gradually declined, until a fall of fully Tls. 5 was established on all grades. Settlements were again heavy, although far behind supplies, the latter coming to hand with conspicuous rapidity; leaving a stock on the 20th of 73,000 half-chests, against 35,000 half-chests.

The Export to England stood at 3,500,000 lbs., against 5,300,000 lbs., and to America 6,750,000 lbs., against 2,350,000 lbs.

Later, the favorable position of London statistics attracted buyers for that market, which arrested somewhat the decline consequent upon the extreme depression advised from New York, where the new imports were losing an average of 10 cents per lb.

The opening of October presented less disparity between supply and demand. Arrivals had fallen off considerably, and thus verified to some extent the Native reports of an unusually early season. A large business was reported the first week or two, at rather firmer prices. Before the close, however, the market receded Tls. 2 per picul, on account of advices giving bad news and serious losses all round. Pingsneys were left in the shade during the month.

Of November, there is little to remark, beyond a small but steady business—without change in prices—chiefly for London, that market being comparatively higher than New York. From the latter, the losses reported were in many instances 12 to 15 cents on Teenkais, and 20 cents on Pingsneys.

In the first week of December, a crisis appears to have been reached in New York, influencing this market to such an extent that Moyunes, Fychows, and Teenkais were bought on more favorable terms than has been known for years, the reduction from the opening of the season being from 8 to 10 taels per picul. This continued until the 13th, when Reuter telegraphed "New York market firmer," giving a stronger tone, and this was followed by a rapid rise in New York quotations to the extent of 10 cents from the lowest point. In the meantime holders here gained confidence, and with the aid of some hurried transactions for the

Pacific Mail, succeeded in establishing a rise from the lowest point of two to three taels on common to medium, and four taels on fine to finest. The year closed with a strong although not very general demand, and an appearance of considerable firmness. Pingsueys remained neglected, owing to the enormous losses still advised from all the consuming markets.

Stocks 96,000 half-chests, against 33,000 half-chests.

The lateness of the present season compels us to halt here in our review, which is professedly of the year rather than of the season. In previous years the crop has been sold off earlier, and writing some weeks after the close of the year we have been able to give a complete sketch of the season's operations. This year however large stocks still remain; and we must close our review somewhat abruptly with the end of December's operations.

Piece Goods. Another year has been numbered with the past, and although in its results to the importers it has been less unsatisfactory than some of its predecessors, it has left behind it traces neither few nor insignificant of the old complaint. It is by no means a pleasant thing for us to have to reiterate the same story year after year; and in the interests of our fellow countrymen engaged in the *Piece Goods* trade with China, we heartily wish that fortune would smile on their endeavours to disseminate the blessings of our Western Civilization throughout this Empire, notwithstanding that those blessings do occasionally contain the germ of mildew and other equally undesirable substances. But, while the causes remain, we fear that the "good time" for our merchants is still remote. However, our duty in the present paper is with the past, not to speculate on the future, although we cannot refrain from stating that so long as the supply exceeds the requirements, and while so much official opposition to the introduction of our wares into the interior is experienced, the results to our trade cannot differ greatly from those obtained in recent times.

Now, in regard to the first of these causes, the stocks of manufactures on hand on 31st December last, as shewn by the Returns published by our Chamber of Commerce, compare favorably with those of 31st December, 1873; which argues either a diminution in the importation as compared with the consumption, or an increase in the quantity taken off by the country at large; and we believe it will be found when the figures are compiled, that there has been an actual increase in the deliveries of many articles during the past year. At the same time, the receipts, in most instances, have been fully equal to the demand, and only in a very few have stocks decreased through a modification in the home shipments. Thus, "short stocks" have been the exception, and it has frequently been provided for long before, in the ordinary course, it could have effected business. Moreover, the natives have taken good care that they should not suffer grievously in this respect. They knew too well in advance what things were likely to be wanted, and when. Besides, as a rule, they are fully aware whether there is a sufficiency in store for them to choose from, and if there appear the slightest probability of a scarcity,

they create a fictitious activity, buy sparingly, and *bull* prices until the bait has been swallowed and their interests thoroughly served, by that desire to be rich which prompts nearly every foreign importer simultaneously to telegraph for the particular article in question, and hence a plethora is always secured. And in reference to the second cause—official obstructiveness. It is now more rampant and defiantly paraded than ever. The *Transit Pass* in many districts has become food for the historian. True, around the Treaty Ports the *Pass* has still some influence, but in the far-distant interior it is useless, and worse than useless, for the authorities ignore it, and some of its predecessors have been ruined by their obstinacy in claiming the rights supposed to be covered by it. The Mandarins, and notably those of Chung-king and Kwei-foo, on the Upper Yangtze, either cannot, or they flatly refuse to realise the fact, that foreign manufactures do *not* change their character with a change of ownership, even although they be accompanied by corroborative proof in the shape of a *Transit certificate*, and in those districts foreign-owned foreign merchandise does not always enjoy immunity from the exactions of the *Likin* farmers. Even now there is some foreign-owned cargo detained at one or other of those barriers, and a British firm at Hankow is at the present moment prosecuting a claim at Peking for a sum of about Tls. 18,000, loss by detention, extra freightage, deterioration, and damage, sustained last Spring by and through the action of those in charge of the barriers on the borders of Kwei-chow and Szechuen. Be it remarked that this claim for actual loss occurred on goods costing little more than double that figure, so that the owner suffers to the extent of nearly fifty per cent. on cost price. In all this we have the varification—and far earlier than we looked for—of the utterings in our Retrospect for 1873. We then said: “The native is afraid to adopt it, and although “respects is still paid to the foreigner’s pass the time is not far distant “when that too will be ignored by the barrier authorities.” It is true that latterly the goods belonging to the firm alluded to have been permitted to pass the barriers, on production of the certificate of ownership, but this permission has, as it were, been wrenched from the collectors of *Likin*, and only after repeated remonstrance to Peking against the injustice perpetrated. But the evil does not rest here. Foiled in their attempt to detain and squeeze *bonâ fide* foreign-owned cloths, the mandarins, or their myrmidons, throw every obstacle in the way of the carriers, and ultimately they have adopted a system of espionage that surely demands examining into. Discrediting the terms of the *Transit Pass*, and in order to find out the real owners of the merchandise covered by it, they have stopped mails, overhauled the letters, and where their suspicions have been confirmed, dire have been the consequences to their unfortunate countrymen.

Such is the purport of the news that has from time to time reached us from Hankow; and the state of trade in the Upper Yangtze districts for many months past has been such as to induce a belief in the truth of our information.

Now all this shows plainly the absurdity of any arrangement for the unmolested transit of our manufactures through the inland provinces of

China, to which the district authorities are enforced strangers. They will not be bound by any such. A certain annual tribute is demanded for them by the Central Government. They receive and accept their appointments calculating on an income from foreign trade to enable them, in part, to fulfil their agreements with Peking, and we humbly submit they are not altogether to be condemned if they so jealously, and seemingly too jealously, guard their incomes, more especially since they have seen that the foreign representative can be made to take action in favor of his countrymen only when in a measure he is forced to do so. And in support of the immediate foregoing, we point to the altered state of affairs in this province wherein we dwell. Here the mandarins have taken the management of the transit under their own wings. The *Pass* is no longer required. A more favorable arrangement has been introduced. By the *Pass* system a bale of *Grey Shirtings* pays Tls. 2 Haekwan, or half the import duty to be franked to Soochow. By the new arrangement, whereby a sum of Tls. 20,000 is accepted annually by the local powers from the Guilds, in lieu of all inland squeezes on foreign merchandize passing from hence to Soochow—a bale of *Shirtings* costs not a little of that sum—and it finds its way to the cities beyond—Hangchow, Hoochow, &c.,—on a total payment of Tls. 1.20 Shanghai Sycee. Of course there are the Municipal dues of the terminal city still to be paid, but those are legally leviable, *Pass* or no *Pass*, and in no way affect the question at issue. Unless, therefore, our own authorities are prepared with a better system than that adopted by the natives, we should advise a passive acquiescence therein, as the dealers have found it the cheapest and most convenient; and under it our district trade has made wonderful strides during the bye-gone twelve months. In all this, let it not be imagined for a moment that we approve of the meddling of the mandarins; but we insist upon it, that until they are consulted, or until they receive their own proper share of the transit dues, they will continue to thwart or obstruct the smooth working of any transit scheme—however good—that may be adopted by the Central Government and the foreigner.

Then the standard of some of Cotton fabrics has been lowered, whether intentionally by the manufacturer we are unable to say, but circumstantial evidence points towards wilful adulteration. Undoubtedly low classed and heavily sized goods have paid the importer better, or have lost him less, than genuine cloths have done; and without doubt also, the natives, attracted by the wide differences in the prices of the spurious and honest material, have dealt more liberally in the former. But we do not undertake to determine how far the end is justified by the means, and the future must be left to decide whether the warning thrown out by the Chairman of the Shanghai General Chamber of Commerce at the annual meeting of members held on 5th January, has any foundation in fact. He characterized “the deteriorating quality of much of the goods now sent to China from Manchester as being specially a further source of loss to the importer, and one which might react in a very unfavorable way upon the industry of Lancashire,” and he hinted at the probability of the establishment in Shanghai of spinning and weaving machinery after the example of similar institutions in India, the working whereof had

been eminently successful. Thus Lancashire had better look to her laurels. In the earlier half of 1873, adulterated Cottons sold for nearly as much as the more comparatively pure articles, but towards the close of that year it was prognosticated that such a state of things was fast approaching a climax, and, taking an 8 $\frac{1}{4}$ -lb. *Grey Shirtings* as the subject of our illustration, it is not too much to say that the past year has witnessed the complete fulfilment of the prophecy. For sometime two mace per piece was considered a great difference in the quoted rates for lowest to best chops, but as the year progressed, and while Dewhurst's *Eagles* and Mendel's best chops were maintaining a value of Tls. 1.87 *a* 1.92 and Tls. 1.95 *a* 2.00 per piece respectively, the lowest grades and chops fell to Tls. 1.60 *a* 1.62, or a drop of 2m. 6c. *a* 2m. 8c. per piece as against one mace to 3 *a* 5c. on the opening rates in January; and mildews of the inferior classes have occasionally been sold at an allowance of one mace to one mace and a half upon these figures. The concerned in such low productions know best whether the trade has been a lucrative one. To the outsider it seems that a prime cost of 7s. 6d. *a* 7s. 9d. per piece requires rather more than Tls. 1.60 (six months' sight sterling being only 5s. 9d. per tael) to yield a profit. But perhaps we are mistaken. Enlightenment on this point is courted, and meanwhile here are the figures on which our ideas are based.

<i>Invoice of 50 Bales 8$\frac{1}{4}$-lbs. Grey Shirtings. Manchester to Shanghai.</i>	
2,501 pieces <i>a</i> 7s. 7 $\frac{1}{2}$ d. per piece	£ 953 10 2
Nett in 3 months.	
CHARGES (MANCHESTER).	
Making up 1,500 pieces <i>a</i> 1d. each	£10 8 5
Packing in good tarpauling 14s. per Bale ...	35 0 0
1 zinc and wood sample case	6 0 0
Fire Insurance	9 0 0
Bill Stamp	10 0 0
	46 13 5
	£1,000 3 7
LONDON CHARGES.	
Entry and Bill of Lading	£ 7 6
Freight <i>a</i> 45s. and 10 % primage	26 5 9
Do. on musters	5 0 0
Railway carriage	14 10 5
Postages, petties, &c.	1 1 0
Marine Insurance on £1,300 <i>a</i> 30s. & Stamps	20 0 0
	62 9 8
	£1,062 13 3
Add for Interest say 8 m/s <i>a</i> 5 % per annum	32 1 9
	£1,094 15 0
<i>a</i> 5/9 per Tael	Tls. 3,807.82
SHANGHAI CHARGES.	
Import Duty H. Tls. 200 <i>a</i> 111.40	Tls. 222.80
Wharfage dues—Municipal	5.00
Landing, Postages and petties, say	4.38
Fire Insurance and Rent	Nil.
	232.18
	Tls. 4,040.00

or nearly Tls. 1.62 per piece.

In the above calculation it will be seen that no account is taken of commissions, and that the charges are confined as closely as possible to actual outlay. Moreover, if whilst *en route*, the goods suffer through sea damage or mildew, the loss thereby sustained fails to be added to the cost. It may be said that our rate of Exchange is an exceptionally low one, and this to some extent we allow. At the same time it must be borne in mind, that the higher sterling occasionally ruling last summer was more than counterbalanced by the higher original cost in Manchester, and once or twice when remittances had to be made at 5s. 8½d., the results were all the more unsatisfactory. Goods similar to those which form the subject for our calculation cost in May last 8s. 4½d. per piece, and when put on the market here in July they realised only Tls. 1.62 per piece, Exchange at the time being quoted 5/8½ a 5/8¼ per Tael for 6 months' sight Bank Bills. This is one example only of the trade in Plain Cottons during 1874, and although we do not say that it should be taken as a representative one, there has been sufficient misfortune attendant on its prosecution to create unbounded delight in the hearts of many importers when they closed their warehouse doors on the last of the "nameless trash."

Furthermore, nature has continued to favor the Chinaman. The Cotton Crop of 1873 was a very abundant one, and that of the past autumn was still larger. Hence, to enable the home manufacture to compete with the native cloth, prices had to be reduced, and the losses on long held cargo, *T-Cloths* more especially, have simply been revenue.

And, finally, there is a spirit of jealousy rampant amongst foreigners that keeps them aloof from one another in business matters, to their own detriment, and to the Chinaman's well-being. They seem to be under the impression that any information they may interchange means only so much more enlightenment to the native, whose position, as regards knowledge, they consider already too powerful. It was this spirit—at least we cannot imagine any other reason—which prevented the issue of the usual half-yearly Returns of Stocks by the Chamber of Commerce in June last, and this same spirit lays the seller at the mercy of the buyers, for while the former is often acting in utter ignorance of what his neighbours have, and are doing, the Chinaman—in possession of the most accurate details, and possessed also of a lively sense of the use as well as of the abuse of truth, to say nothing of that subservience to his guild which compels him to make an account of his daily doings—generally manages to gain the advantage in any transaction on which he fixes his attention.

Having briefly alluded to some of the more prominent obstacles to the prosperity of the imports of British textiles, we now proceed to notice in detail their general effects upon the trade. We have already given a calculation of the laying down cost of an 8¼-lbs. *Grey Shirting* of low quality, and hinted at the comparatively higher rates obtaining for Dewhurst's and Mendel's productions. But we cannot see that the dealers in these classes even have had much cause for rejoicing, for, taking Dewhurst's own price of 9s. 9d. per piece delivered in London, with 6 per cent. for Freight, Insurance, and Shipping, and adding only 3 per cent. for Interest, together with the Shanghai Import Duty and a small

nominal sum for landing charges, rent, Fire Insurance, &c., but nothing for commissions on either side, the cost appears to be Tls. 1.92 per piece, sterling, exchange being taken at 5s. 10d. per Tael. Now the averages of Dewhurst's best chop throughout the year have been as follows :—

Cost f. o. b. in London.	Selling price in Shanghai.	6 m/s Bank Bill.
Per piece, 9s. 8½d.	Tls. 1.93½	Per Tael, 5s. 10d.

These averages are made up from the weekly circulars, and cover 50 quotations ; and we think they fairly indicate the course of the trade, and fully prove that the results have not been favorable to the importers. The highest selling rate, Tls. 2.05 per piece, was touched in January, and the lowest, Tls. 1.88, in September. The highest home cost, 10s. 8d., was registered in May and June ; and the lowest, 9s. 6d., in July, oscillating between that figure and 9s. 9d. right on to the end of Dec. ; whilst the highest and lowest exchanges, 6s. 1d. and 5s. 8d., were quoted, the former in June, and the latter in January and October. Space does not admit of our noticing the countless other chops which come to this place, and which, on account of their low price or high quality, bespeak the attention of our dealers. Nor is it necessary that we should do so in the present volume, for although nearly every owner considers his own particular chop better than that of his neighbour, and although occasionally he may have made a better sale by reason of his chop's renown, or by sacrificing some other article to his hobby, scarcely one of them, if a constant and regular importer, can say that his 8½-lb. *Shirtings* has contributed materially towards his sustenance since 31st December, 1873, or that the results have differed much from those of the two examples we have selected. The business in the lighter weights has been equally unprofitable. At the beginning of the year, 7-lb. common to best were saleable, in small lots only, at a range of Tls. 1.50 a 1.68 per piece, and these rates, by the aid of an incipient speculation, in anticipation of the customary spring trade, were maintained for about six weeks or two months after the season opened. But the demand either would not or could not come. At all events, it never appeared ; and hence the early settlements had to be filtered, as it were, out to the consumers, at a heavy loss to the speculators. Further, once fairly started, quotations rapidly fell until, on the 5th of June, we find the lower qualities selling for Japan "at very low prices," say Tls. 1.35 a 1.36 per piece. From that date onward there was little change, either in the current rates or in the amount of business going on. Fortunately, however, stocks were not very excessive at any period of the year, and when anything beyond the ordinary "hand to month" sort of enquiry prevailed, or when a "special" chop was wanted, the effects were at once perceptible in a stronger market and stiffer rates. Towards the close of the year, for instance, the Japanese sent over considerable indents for Dewhurst's *Red Peacocks*, the supply of which was speedily exhausted at the enhanced value of Tls. 1.45 a 1.46 per piece. Collie's *Spread Eagle* chop likewise received a fair share of attention from our Japanese friends, but the finest descriptions of 7-lb.—

Dewhurst's *Eagle*—have been in rather a woful plight all through the season, being barely quotable at Tls. 1.52 per piece at its close. Some mildews of the last make were sold about the beginning of winter at Tls. 1.46½ per piece. In pleasing contrast to the foregoing, it has to be mentioned that *Heavy Shirtings* have done well for the importer. For the first quarter of the year there was nothing noticeable about them or their position, other than what is usual in spring. The supply was moderate, but the demand was freely met by holders, who did not anticipate the prolongation of business till over the summer and autumn. At the end of May, however, an enquiry suddenly sprung up, and all the available goods on the spot were eagerly settled by native speculators, on the basis of Tls. 2.48 a 2.50 per piece for Dewhurst's *Eagle* chop; and, before the end of June, these same speculators had the entire control of the market, being able eventually to resell their Dewhurst's *Tunsin* chop at Tls. 3.03 per piece. Later on, the arrivals of floating cargo, sold at the first burst of the enquiry, and of additional unsold parcels, telegraphed for at the same time, began to influence the position, and the price in the Chinese quarters dropped to Tls. 2.85 per piece for best cloth. Moreover, as the ruling rates to the foreigner, being a good mace per piece below the selling rates of the speculative settlements, still showed a very fair profit, expectants thrust their expectations upon the dealers, and so brought about a further decline of 1 a 1½ mace per piece, the reduced figure of Tls. 2.60 a 2.62 per piece for *Eagles* being the closing quotation of 1874. A good many of these *Heavy Shirtings* have been used by our local consumers, but their destinations *par excellence* have been the districts fed through Ningpo, Hankow and Kiukiang. A large portion also went to Newchwang, whence the most glowing accounts in regard to the Corean requirements, reached us on the 6th of July. Messrs. Knight & Co. at that time wrote that their "hopes of a border trade with Corea are to be realised," and other merchants predicted great things. Moreover, the reported sale of *Tunsin* chop, at Tls. 4.80 per piece, at the Corean fair held either late in October or in early November, looks confirmatory certainly of the high expectations formed, and is worth noting here in connection with this fabric and the Corean trade. The wants of Japan, which again have been very large—the exports hence to that country being ——— pieces, against 556,000 pieces in 1873—have been supplied out of 7 and 8½-lb. weights, chiefly the commoner qualities of the latter; and the trade in them has been carried on mostly by the Chinese, who, as a general rule, have been the gainers.

The following is a comparative statement of the *Grey Shirtings* passing through Shanghai during the past three seasons, and of the stocks remaining on hand at the close of each year:—

	Imports.	Deliveries Local and Re-export.	Stocks.*
1874.....	Pieces 5,750,000	5,147,000	1,195,910
1873.....	4,420,000	5,145,000	540,170
1872.....	4,425,000	5,345,000	1,284,580

* As per the Returns published by the Shanghai General Chamber of Commerce.—*White Shirtings*.

White Shirtings.—An increasing trade in this fabric has to be recorded; the year 1874, in its consumptive deliveries overtopping those of any previous period it has been our privilege to review. The Comparative Statistics stand thus:—

	<i>Imports.</i>	<i>Deliveries.</i>	<i>Stocks.</i>
1874	pieces 573,000	586,000	50,810
1873	385,000	525,000	64,900
1872	527,000	560,000	204,600
1871	540,000	442,000	244,600

Moreover, the business has been fairly steady throughout. The fluctuation in prices has not been great, and a fair ordinary 64-reed—which, like its congener the 8½-lb. in the Grey, comprises by far the greatest portion of the deliveries—when a market existed, has always commanded a reasonable value. Dewhurst's best Eagle—*Taeping*—was never quoted under Tls. 2.15 per piece, against the opening and maximum rate of the year, Tls. 2.25 per piece, and the more ordinary cloths seldom showed a wider difference, excepting when the system of weekly auctions of sound goods was instituted last summer. At that time, and for two or three months subsequently, demand was at a very low ebb, and the forcing of business under the circumstances was followed by its natural consequence. A chop which was worth Tls. 1.93 *a* 1.94 in May, had fallen as low as Tls. 1.80 in August, and this was all the more to be regretted considering the very favorable position of stocks during the greater part of the season. For two months afterwards, enquiry languished, but then the demand came, and under its influence every available parcel was quickly taken up. Prices at once rebounded to their earliest level, and dealers were eager buyers for distant arrival at the advance indicated by the following quotations, taken from our Market Reports from 1st to 31st December, viz., Tls. 1.90 *a* 2.05 for common chops, and Tls. 2.17½ for Dewhurst's *Taepings*. White Shirtings are closely allied to the unbleached article, and the causes which influence the trade in the one very frequently affect the other. Thus 52 *a* 60-reed, like the 6 and 7-lb. Grey Shirtings, have been very difficult to move in quantity from year's end to year's end, while in conformity with the better business in heavy Grey Shirtings, the finer counts of bleached cloths improved materially as the season advanced, and yielded fair profits to those engaged in their importation.

T-Cloths.—There is one point, and one only, on which favorable comment can be made, and that is the decrease in the stocks that has been gradually taking place since 31st December, 1873. On that date, the Chamber of Commerce Returns showed 1,260,000 pieces of all weights in godown and on board ship in harbour, whereas at the beginning of the present year the stock by similar returns appeared to be only 487,600 pieces, or say 600,000 pieces, allowance being made for the goods held by those firms who did not furnish statistics. But this diminution was powerless in raising the very low rates current at the opening of last season, and after two or three ineffectual efforts to establish higher quotations, holders, accepting their destiny, sold out as opportunity offered; and many an one seemed thankful for the riddance, although it was like the parting of old friends, and cost him severe pangs to see them go. And were they not old and dear friends, or had they not the

right to be styled as such? Yea, verily, for some of them had been quietly reposing in their owners' warehouses for years, and every year they became dearer and more expensive still. But against this decrease in stocks, there has been a serious falling off in the consumption of *T-Cloths* within the past two years, much to the disappointment of the importer as well as to his loss; and no satisfactory conclusion as to its cause has yet been arrived at. We noticed this fact in our Retrospect for 1873; mentioning that general opinion was disposed to ascribe it to the plentiful cotton-yield of the previous autumn, notwithstanding that statistics were rather against the supposition. The depression prevailing in the *T-Cloths* market, however, and the great abundance and cheapness of native cotton and cotton-cloths throughout 1874, give force to the previous belief, and so in the absence of any better reason, we accept the native cotton idea as the true solution of the mystery. In connection with the foregoing, the following comparative statement of the statistics for the past six years may prove of interest to our readers:—

	<i>Imports.</i>	<i>Deliveries.</i>	<i>Stocks.</i> on 31st Dec.
1874 pieces	1,675,000	2,327,000	487,660*
1873	1,685,000	2,283,000	1,259,500
1872	4,650,000	3,597,000	1,782,300
1871	3,680,000	3,246,000	1,063,600
1870	2,556,000	2,946,000	570,000
1869	2,716,000	2,115,000	None published.

The diminution of the stocks, as we have already said, is the only satisfactory point noticeable in the *T-Cloth* position, for business was flat at the opening of the year, and quotations low, and this was pretty well the ruling state of matters until its close. In our earliest report, 7th January, no mention is made of the article, while in the next, quotations were altogether omitted and the market was thus described: "Transactions are again trifling, and consist chiefly in the class of Mexican 7-lb. obtainable at about Tls. 1.35 per piece. There is a slight enquiry for fine 7-lb., and Tls. 1.60 is the rate named; but it is somewhat difficult to define the buyers' meaning of 'very fine,' and so we can give no particular chop as the basis for sellers to work upon; small lots of Dewhurst's M.T. 8-lb. have found a market at Tls. 1.70 per piece;" and again about six weeks later, our weekly report states: "A sale of 6-lb. Mexican *T-Cloths* is such a rarity now-a-days, as to deserve a special record." That same transaction consisted of 1,000 pieces only, and the price realised was Tls. 1.32½ per piece, against a laying-down cost of about a mace higher. In March, although there was a more extensive business going on, and an advance of 3 to 5 c. per piece established in the value of 7-lb. we were compelled to record the dissatisfaction still prevailing amongst holders who "generally, are under the impression that before long they will see a more satisfactory trade and better prices."—By the 1st of April, however, the dealers had "returned to their old offers of Tls. 1.35 or inside Tls. 1.40 for ordinary Mexican 7-lb." Nor could they be included to operate largely, unless on better

* Calculated to be short about 100,000 pieces, the supposed holdings of those firms who disapproved of the annual collection of the stocks of imports by our Chamber of Commerce, from whose list the above stock column is taken.

conditions, during the remainder of the year; and, on 31st December, and for some weeks previously, we find that class quoted at Tls. 1.30 per piece. We conclude our T-Cloths' review with the following quarterly range of prices for the different weights and qualities:—

	1st July.	1st April.	3rd July.	7th Oct.	31st Dec.
6-lb. Common, per piece	£ 1.01 a 1.06	1.04 a 1.07	1.05 a 1.10	1.09 a 1.13	1.05 a 1.10
6-lb. Mexican,	1.13 a 1.20	1.17 a 1.25	1.16 a 1.30	1.16 a 1.30	1.15 a 1.25
7-lb. Mexican,	1.31 a 1.37	1.35 a 1.55	1.38 a 1.57	1.31 a 1.55	1.30 a 1.55
7-lb. Common,	1.13 a 1.20	1.13 a 1.18	1.15 a 1.25	1.20 a 1.25	1.18 a 1.22
8-lb. Common to Good,	1.55 a 1.70	1.55 a 1.70	1.70 a 1.88	1.60 a 1.80	1.53 a 1.70

The improvement in 8-lb. cloths at midsummer was owing to an enquiry that set in about the beginning of June, and to the very moderate supply of the article on hand. Towards the middle of that month, heavy sales of hard and floating cargo were registered; but after that time the demand moderated, and when the goods began to arrive freely, prices reacted, reaching their normal level by the middle of November. *Mildew* has had no small share in keeping the lighter weights of T-Cloths at such a low range during 1874. But the *Mildew* in many instances was more in consequence of prolonged holding than of any primary adulteration in the manufacture, and it occurred mostly in those classes of 7-lb. Mexicans which are more particularly alluded to, and which in former years were crowded upon this market from home, to an extent far heavier than the country could bear. Of course, there have been cases of *Mildew* in more recent arrivals, but the damage of which we speak, and which we believe to have been partly instrumental in depressing the market values of the year, was the result of excessive production and the consequent accumulation on this side.

Drills.—The opening of the market was exceedingly disappointing to holders. It is true that the year was inaugurated by heavy sales, but the rates paid and accepted were simply ruinous. When the autumn trade of 1873 terminated, quotations of ordinary quality—14 a 15-lb. English Drills were Tls. 2.48 a 2.58 per piece, and these figures even were somewhat below cost. But the stock was heavy, and supplies from home were constantly pouring in. Hence sellers became frightened, and most of them made haste to realise. Buyers had everything to themselves, and it is not surprising that they managed in a very brief space of time to get prices down to “Tls. 2.30 per piece for fair ordinary 15-lb., or its equivalent for the lighter weights.” Moreover, on the 21st of January last year, we find it written: “A sale of 7,000 pieces fine “15-lb. English Drills (Dewhurst’s) at Tls. 2.35 distant clearance—has “been the event of the week. Indeed there has been little else done, “although similar quality has been in constant demand. Such a decline “was rather unexpected, and holders generally are not yet prepared to “accept it.” Nevertheless, most of the business of the year was done at or under those quotations, and a 15-lb. of fairly passable quality was auctioned in May at Tls. 2.18 per piece. However, the final results to importers, as the season advanced, were not so deplorable as at the commencement. The cost in Manchester had lessened considerably; the shipments from Europe and America were on a reduced scale, the home trade being scared by the unsatisfactory accounts from this side; and

native consumption continued large ; our stocks became more manageable. And so the importer of 1874 frequently sold his goods at a profit, not great certainly, but it was cheering to him to have something in his hands with which he could do a little good.

The English manufacture occupies by far the most important position here now, and to a great extent it rules the market. American cloth, by reason of the regulated supply, commands fancy prices so to speak, and the Dutch 13 a 14-lb. rank after the same weights of English. During 1874, however, the imports from Holland also decreased very materially. The accumulations of the latter at the close of 1873, the peculiar and unaccountable absence of demand, and the high cost of production last year, acted as deterrents to shippers. Besides, to say nothing of the impossibility of selling at reasonable rates as compared with those paid for the English textile, many a holder was for a long time fettered by limits from home ; and when sales became practicable the unlimited few closed with the earliest offers they received, selling out at from Tls. 2.00 a 2.10 per piece in May, up to Tls. 2.20 a 2.30 per piece in December. Hankow, which is the chief emporium for Dutch Drills—at least it has proved itself so in bye-gone days—has this season taken off but a small proportion only ; whether because of the limits placed on most of them, or whether owing to the *Likin* difficulties, we are not in a position to say ; but the fact remains, that the usual Hankow spring enquiry was not experienced last year, and the trade in the article stood still, until the heavy decline indicated by the above figures attracted the attention of the Northern dealers, who entered the market in autumn, and whose operations gradually established the prices current when winter set in. Of American Drills, it is only necessary to remark that they suffered in common with the other descriptions, although probably not to so great an extent. The market opened in April at Tls. 3.75 for P.M.C.D. *Dragon* chop, declining to Tls. 3.47½ towards its close. The cheaper makes were mostly wanted, and fair quantities of them changed hands from time to time on the basis of Tls. 3.30 a 3.40 per piece.

A falling off in the business of Drills has to be noted, but under this heading we have already trespassed too far, and will now close the subject, leaving the following comparative statement to explain what we had intended to say further :—

	<i>Imports.</i>	<i>Deliveries.</i>	<i>Stocks.</i>
1874..... pieces	561,000	777,000	244,000
1873.....	1,315,000	1,056,000	397,000
1872.....	1,010,700	971,000	124,700
1871.....	710,640	788,000	104,000

Jeans.—The importer of Jeans has not gone altogether unrewarded, neither have the natives suffered on that account. Moreover, consumption has outrun the importation, and 1875 commences with as low a stock as we have seen for a number of years past. The opening quotations for ordinary to good medium qualities were Tls. 1.75 a 1.90 per piece, but the average selling prices of the year were considerably higher than these figures. In fact, excepting on one or two occasions, there was no business done so cheaply. In March, the standard quotation for English 8-lb. Jeans was Tls. 1.86 a 2.06, receding in June to the opening rates,

recovering themselves shortly afterwards and maintaining an average value of Tls. 1.84 a 1.95 per piece throughout the remainder of the year. In *Dutch Jeans* transactions were neither extensive nor important, and seldom did the rates realised cover cost. Quotations were fairly steady throughout, the extreme points being Tls. 2.23 in January, Tls. 2.05 in spring and early summer, and Tls. 2.20 in autumn and winter. Of American Jeans there were not any importations :—

	<i>Imports.</i>	<i>Deliveries.</i>	<i>Stocks.</i>
1874 pieces	308,000	328,000	253,000
1873	387,200	365,000	96,700
1872	396,500	333,000	88,400
1871	187,000	189,000	39,500

Sheetings.—Against an importation of 25,200 pieces of all kinds, there was a delivery of 82,000 and the heavy supply with which the year began was reduced to 1,700 pieces at its close. The enquiry set in at the end of last winter, and continued—with only short-lived intervals of quiet—until most of the northern dealers left for their homes in December. The stock of 31st December, 1873—viz., 50,000 pieces—together with the slight accessions it received from time to time by fresh imports, was worked off long before autumn, at prices—opening at Tls. 2.10 a 2.20 per piece for fair to ordinary descriptions of 14 a 15-lb. English Cloth, and going as high as Tls. 2.60 a 2.80 as the demand continued and as the supply got into fewer hands. The later arrivals were taken off as quickly as they were placed on the market, and many of them sold as high as Tls. 3.00 per piece. It is needless, almost, to say that the results of the business done during the first half of 1874 was unfortunate for holders, but although hope whispered better things, despair—the offspring of former experiences—was the stronger sentiment, and, there being no sign of any future improvement, it counselled progress with the goods on hand. Further, there was *Mildew* amongst the stocks—and *Mildew* in *Sheetings* is a very serious matter, when a sale is being negotiated—and that too impelled owners to realise as fast as they were able. In early autumn, however, and on to the closing of the northern trade, things changed, and the out-turn of the few parcels of English *Sheetings* from time to time received, showed a little profit to the importer. *American Sheetings.*—The business of 1874 was transacted between the months of February and July, and every lot that came to hand was easily placed at Tls. 3.20 a 3.40 per piece. In the course of the month last named, stocks were entirely exhausted, and they were not replaced during the remainder of the season; but it became known in December that there were 500 bales (10,000 pieces) in the “Golden State,” from New York—arrived January, 1875—and the northern men, through their deputies, made offer several times of Tls. 3.75 per piece for the lot without avail. We may mention here that the parcel has since been sold at that figure.

Fancy Cottons.—This term embraces a great variety of articles, and the list, which to no small extent is dependent on the ingenuity of money-makers, is yearly being added to. There are certain standards, such as *Velvets*, *Turkey Red Shirtings*, and *Gentian Shirtings*, in which the only important alteration or improvement attempted is the shade of

colour, and quality of the cloth; and there are others—viz., *Brocades*, *Damasks*, *Handkerchiefs*, and *Chintzes*,—whose designs and assortments are subject to the caprices of fashion or taste. The trade in these has not varied greatly in its nature or extent from that recorded in previous years, although it must be conceded that, on the whole, the balance is against 1874. The consumption of some articles has fallen off, while that of others has increased. Take *Turkey Reds* for instance. The trade requirements of 1873 were satisfied with 110,000 pieces, while, during 1874, upwards of 130,000 pieces went into consumption. The respective importations of these two years were 126,000 pieces and 98,000 pieces, the deficiency between the imports and deliveries of last season being supplied out of the heavy stock on hand at its commencement. On the other hand, *Velvets*, *Chintzes*, and *Brocades* show a decrease, but with regard to the first, this is easily accounted for by the larger direct shipments from home to Japan. In all these articles, too, as well as in the article of *Velveteens*, there has been a heavy falling off in the supply, so that the position of our merchants, at the beginning of 1875, cannot be regarded as much worse than it was at the opening of last year. In *Handkerchiefs*, the business has expanded considerably, the deliveries for 1874 being computed at 245,000 doz., against 126,000 doz. in 1873, and by reason of the very moderate importations during last year—under 170,000 doz., the stocks on 31st December were reduced to 73,000 doz., against 150,000 at the close of the previous twelve months. Amongst those Fancies which are only occasionally quotable, we find *Blue Mottles* or *Denims*, *Printed Cashmeres*—which of late has almost taken the rank of a standard, and from which rank on the other hand, *Dyed Spotted Shirtings* have well nigh disappeared.—*Muslins*, plain and figured, and *Dimities*. These last two fabrics, a few years ago, held a much higher place here than they seem to do now, and had it not been for the help accorded us by Japan, the sales—of *Muslins* more particularly—on this market last year, would have been very insignificant indeed. The deliveries of *Muslins* for the period under review amounted to only 38,000 pieces, against receipts of 31,000, the deficiency being supplied from the remainings of 1873, and the *Dimity* statistics are even less favorable, the imports being in excess of consumption by 6,000 pieces. A similar remark, but stronger in degree, is applicable to *Damasks*, the difference against consumption being 14,000 pieces.—And as with the general decrease, so has it been with the returns to those concerned in the trade. *Turkey Red Shirtings* is about the only article that has done any good. The year was opened by sales “to arrive” at rates which showed a very fair margin of profit, and throughout its course the importer of a fair to good quality and current chop seldom found much difficulty in disposing of it on favourable terms. A contract for 2,000 pieces 3-lb., of the approved description, to arrive in March, was entered into in January, at Tls. 2.20 per piece, and business was done in the same import as it arrived on market during the year, at figures little short of that, much to the satisfaction of the proprietors of the chop. It was otherwise, however, with some importations of narrow width and inferior chops. Such could be passed off only in times of great scarcity and of excited demand, and these might—not inappropriately—be likened unto

“angels visits.” The owners were forced to sacrifice, and that word occasionally signifies loss. Of *Velvets* and the other manufactures that make up the class comprehended under the heading of Fancies, it is unnecessary to say more than that the foreign dealers in them—with very rare exceptions—have had little reason for desiring to continue in the business. Indeed, several confess that, were it not for the fact that the possession of some fancy work occasionally brings dealers about, and so ministers to or facilitates some more important sales, they would give up the trade at the earliest opportunity.

Woollens.—The year 1874, like many of its predecessors, has not been a profitable one—at least so say some of those who have been interested in Woollens. Both foreigners and natives unite in saying that the balance of trade has been against them. The Western provinces have again been blessed with most bountiful harvests, and everything connected with the internal prosperity of the country has favoured the introduction of our Yorkshire manufactures amongst the Chinese people; but the *Li-kin* has cast its withering influence over the trade, ruining the natives, and creating general dissatisfaction. To this cause, principally, is ascribed the falling off in the consumption of woollen goods, during the past year. In 1873, when the Mandarins were less exacting, the trade made wonderful progress; and strong hopes of a still increasing business were entertained at the beginning of last year. But those hopes have not been realised—nor in our opinion, will any permanent good be experienced until the internal transit is better regulated, and the natives are more considerably treated by their authorities. So far as we can see, there is nothing, save *Camlets*, amongst the chief woollen imports whose position contrasts favorably with those of previous seasons, and the statistics of *Camlets* show an increase in the deliveries of only 4,000 pieces over those of 1873. But the following table speaks for itself on this subject:—

	Camlets.		Long Ells.		Lustres Plain and Figured.	
	Imports.	Deliveries.	Imports.	Deliveries.	Imports.	Deliveries.
1874 .....pieces	79,000	81,420	79,800	90,000	175,000	196,600
1873 "	85,300	77,130	77,000	120,000	293,000	273,000
1872 "	57,800	65,100	82,900	126,000	192,000	262,000
1871 "	67,000	73,400	105,000	125,000	117,000	197,000

	Spanish Stripes. Broad & Med. Cloths.		Lastings.	
	Imports.	Deliveries.	Imports.	Deliveries.
1874 .....pieces	74,200	96,700	46,000	37,000
1873 "	119,000	106,000	51,000	47,000
			26,000	35,000
			45,000	38,000

And this untoward state of matters has happened under circumstances which, had the trade otherwise been allowed free scope, have been exceptionally favorable to consumption. We refer more especially to the system of auctioning sound goods that was instituted here at the end of May last. By that system, a constant weekly supply of *Camlets* and *Spanish Stripes*, and of *Long Ells* occasionally, was placed on the market, and sold. “Without reserve” is the principle on which these auctions are conducted, and buyers at them regulate their prices according to the requirements of the day. If a good demand prevails, they compete, and

run up rates pretty close to actual market value; but if times be dull, they combine to secure the goods at figures on which they imagine there cannot be any loss in the future. A great thing in favour of the system is that the chops sold are all well known and approved ones, and some them are the exclusive property of the auctioneers. Thus there is nearly always a market for them, or if there is not, they are bought and held until one arises, and so it often happens that other importers are unable to make any progress whatever. In times of scarcity, of course, the general importer can readily dispose of his wares, and he invariably obtains higher rates than are paid at the auctions, but the amount of business he can do is small as compared with what is put through at the weekly sales, which certainly have now a fair hold of the situation; in illustration of this we present our readers with the following aggregate:—

	Sales at Auction from 29th May to 31st December.	Re-exports and local deliveries for same period.	Balance, the business done by all other im- porters for same period.
Camlets	25,000	51,000	26,000 pieces.
Long Ells	10,200	67,000	56,800 „
Spanish Stripes	11,000	43,000	32,000 „

We do not profess to enter into the question as to whether the results of these auctions are encouraging, but, judging from the groanings of the general trade, we conclude that they might be a little more satisfactory without doing the auctioneers any serious harm. *Long Ells* have been short in stock throughout the year, and at times, when wanted, there were scarcely any—save the commonest descriptions to be found, but notwithstanding this, they have seldom risen in value so much as to yield a profit on cost. *Camlets*, *Spanish Stripes* and *Medium Cloths* likewise have given discouraging out-turns; indeed, this may be said of almost every description of Woollen Goods in which business has been transacted here during 1874; the results to the importers of *Figured Orleans*, of the lower qualities more particularly, being very unfavorable. For many months, inferior makes have been saleable only at a heavy sacrifice, and even the fined kinds have frequently had to be forced off. Special chops, designs any assortments—have sometimes done a little good, but the profits they have shown are but “drops in the bucket,” as compared with the losses sustained by importers generally. The cause of this collapse is rather difficult to determine. Some say, and we think there is reason in what they do say, that it originates in the abundance and cheapness of silk which is now within the reach of many natives who formerly were contented with *Figured Orleans*, and who, consequently, now dispense with them. In this article, a growing trade with Japan has to be recorded, and to that country we are indebted for the lion’s share of business done in *Plain Lustres* during 1874. *Black Lastings*, too, have been frequently shipped hence to the Japanese markets, but the qualities taken have, as a rule, been inferior—costing from Tls. 9.50 to 10.50 per piece,—and the final sales of them seldom did much more than cover these figures.

Shares. In reviewing the Share market for the year, we think it well to give a separate statement of the extreme fluctuations of each of the principal stocks.

In addition to the general depression in trade, we have had competition tending to lower the value of several stocks. Holders of shares in our local bank have suffered considerable loss, and the same may be said of holders of steamer shares. Two of our steamer companies are in liquidation, and since the close of the year Bank shares fell to 20 per cent. discount. Among Marine Insurance Companies, North-China and Chinese Insurance shares have risen, while Yangtze and China and Japan shares have fallen. There is not much change to be noted in Gas or Fire Insurance shares. Wharf shares, which were much depressed during the year, have since risen above par. The Shanghai and Pootung Foundry and Engineering Co. was wound up early in the year, the shareholders receiving a return of 50 per cent. on the capital.

Hongkong and Shanghai Banking Corporation.—After the new-year holidays, business opened at 49 per cent. premium, and advanced on 14th January to 50 per cent. premium cash, and 50½ per cent. premium for 31st January. Afterwards the price gradually fell, until shares were sold at par on 5th October; after which it rose a little, and they were sold at 2 per cent. premium on 31st December.

The accounts shew \$191,768.91, as the net profits for the year, which is not quite 4 per cent. on the paid-up capital. This includes the profit on the Chinese Imperial Government Loan. And, in addition to these small profits, a sum of \$1,115,000 was set aside to meet bad debts, made up as follows:—

Balance of profits from 1873	\$ 26,290.53
From profits for 1874	188,709.47
„ Reserve Fund	900,000.00
	\$ 1,115,000.00

This compares very unfavourably with the result of business in 1868, when, with a capital of \$3,000,000, the profits were \$690,975.54, or over 23 per cent.; or in 1871, when \$705,785.85 were earned, with an average capital of \$4,250,000, or over 16 per cent.; but the bank has of late been extraordinarily unfortunate, and when trade recovers, as it must do some day, we see no reason why it should not, with its excellent business connection, under proper management, again pay good dividends.

Shanghai Steam Navigation Company.—The market opened at 111 cash, *cum* December dividend, and the shares reached, in March, 121½ cash, and 127 for 31st August. Afterwards the price gradually fell to 80 on 31st December

The net profits for the year were	184,823.96
over 8 per cent. on the capital.	
Dividends amounting to 7 per cent. were paid	157,500.00
Leaving to be carried to reserve.....	27,323.96

The reserve fund now stands at 650,803.63, being nearly 29 per cent. on the capital.

Competition with the China Navigation and the China Merchants' Companies depressed this stock; but now that an arrangement has been made with the former to run amicably on the river, the prospects of the Company are again good. The Directors have been impressed with the

advantages of iron steamers over wooden ones, and are gradually replacing these by those.

China Coast Steam Navigation Company.—In February, shares on which Tls. 65 had been paid up, were sold at Tls. 57, and advanced to 62½ on 7th March, but afterwards declined to 50 on 22nd September. A call of Tls. 20 per share was made in October. The closing quotation was 73.

The net profits for 1874 were (over 22% on paid-up capital).....	77,399.28
Dividend 10%	34,800 00
Carried to Reserve	42,599.28
The Reserve Fund now stands at (14.7% on capital)	62,522.10

If it were not handicapped by having to contend against a Company subsidized by Government, this Company would be very successful. Even as it is, it promises much. There is a want of confidence in steamer shares, in consequence of competition, and the stock is probably depreciated on that account. The steamers are nearly all quite new, and therefore economical. The Directors are increasing the fleet. A new steamer is expected shortly.

Union Steam Navigation Company (in Liquidation).—These shares were sold at 70 in February, and fell to 55 in May. A return of Tls. 50 per share was made in September, and the shares were quoted 21 on 31st December. The ultimate value of these shares depends on the result of the *Ava-Rona* case, still pending in Hongkong.

North-China Steamer Company (in Liquidation).—On 13th February shares were sold at Tls. 40, and on 15th August at Tls. 4. In December, the price was 7 to 8. The Company cannot be wound up until the *Yuentzelee* is sold. It is probable that shares, costing Tls. 100, will realize little or nothing.

Shanghai Dock Company.—Shares were done at 205 on 4th January, and a similar rate was steadily maintained throughout the year.

The net profits were (4.9% on capital)	10,785.89
Dividends (4%)	8,800 00
To Reserve.....	1,985.89

The reserve fund now stands at Tls. 3,904.68, which is available to meet the cost of whatever landlords' repairs the dock may require. The Old Dock was leased for 5 years from 1st July, 1872 to 30th June, 1877, at a rental of Tls. 9,200 per annum, payable half-yearly on 30th September and 31st March. At the last meeting of the Company it was agreed to extend the lease for 10 years more, at the same rent. This dock has been lengthened by the tenants at their own expense. The New, or Lower, Dock is leased from 1st July, 1872 to 30th June, 1887, at a yearly rental of Tls. 1,800, payable half-yearly on 30th September and 31st March. The river silted up opposite the entrance to the dock, to remove which, and put the dock in working order, would have cost at least Tls. 20,000. The Company was not in a position to spend such a sum, and there being no demand for the dock at the time, the land was leased to the present tenants. They have filled up the dock, and are bound before July of this year to erect, on the land, buildings costing at least Tls. 7,000, (exclusive of the cost of filling up the dock), and to keep them in tenantable repair, which buildings become the property of the

landlords at the expiry of the lease. The income of the Company is thus secured until 1887.

Pootung Dock Company.—The market opened at 95, and the price declining during the year, closed at 85. The accounts stand thus:—

Available balance from 1873	209.74
Net profits for 1874	9,708.57
Dividends 10%	9,400.00
Available balance to 1875.....	518.31

This dock was originally leased to the tenants of the Old Dock, from 6th December, 1872, to 30th September, 1876, at a yearly rental of Tls. 10,000, clear of all taxes, and payable half-yearly in advance. At last meeting of the Company it was agreed to grant an extension of the lease for 10 years, on the same terms, the tenants having the option of terminating the lease on 30th September, 1881. The income of the Company is, therefore, certain until that date.

Shanghai Gas Company.—Shares were sold in February at 139, and advanced to 145 in June. They were sold in December at 144. Dividends amounting to 11 per cent. have been paid for 1874. The report has not yet been published. The shares in this Company have maintained a similar high value since 1871. They appear to be a steady, safe, investment.

Compagnie du Gaz.—The shares were quoted 63 in January, and gradually advanced during the year, closing at 70. Dividends amounting to 11 per cent. were paid. Like Shanghai Gas shares, these have remained at a high price. The Municipality are the Company's best customers, and if they succeed in annulling their agreement with the company, which it seems the Council wishes to do, it will entail loss on the shareholders.

North-China Insurance Co., 1872-74.—The price was 400 in January, and advanced to 410 in March. They were quoted 365 (ex dividend of Tls. 60 in March) on 31st December. The latest published account is to 30th June last. At that date the

Premia collected was.....	2,071,950.52
Losses paid	1,022,842.32
Net profits	897,312.49

that is 299 per cent. on the paid-up capital in 2½ years. Out of this had been paid

As dividend	258,038.63
Carried to reserve	221,961.37
Leaving at Cr. of working account	417,312.49

The shareholders have since received a dividend of Tls. 300, making in all Tls. 460 and 12 per cent. on contributions. When the history of our local institutions comes to be written, this Company will occupy a prominent place in it.

Yangtsze Insurance Association.—Business was done in January at 710, (cum Dec. dividend), and 670 (ex dividend.). The price advanced to 710 in March, but afterwards declined. It was 610 in December. Dividends amounting to 15 per cent. were paid to the shareholders in 1874, and the contributors for 1872-73 received a return of 22 per cent.

on premia. The reserve on 30th September, 1873, the date of the last account, stood at Tls. 200,000—33½ per cent. on the capital. The shares in this association will probably not rise much in value, because, after paying the shareholders 15 per cent. interest on capital, the balance of profits is distributed among contributors of business.

China and Japan Marine Insurance Co.—The market opened at 93, advanced to 105 in April, and then gradually declined, closing in December at 78. The last balance-sheet, dated 30th June last, shews :

At reserve	Tls. 52,000.00
At working account	51,663.70
	Tls. 103,663.70

Up to 15th October, there were claims paid or pending amounting to 92,000, against which Tls. 62,000 of premia had been collected. A return of 11 per cent. on premia was made to contributors during 1873. This Company has suffered much from exceptionally heavy losses, and consequently must find it difficult to compete with the other local offices in returns on contributions. To its own action, in commencing the system of paying to contributors of business a certain proportion of the profits, this state of things is however in great measure due.

Chinese Insurance Company.—Business was done in January at 187 (*cum* December dividend), and the price advanced to 203 in April. It was 190 in September, and 200 in December. Interest at 12 per cent. was paid to shareholders for 1874, and 23 per cent. to contributors for 1873. The accounts for 1874 have not yet been published. After payment of 12 per cent. interest to shareholders two-thirds of the profits of the Company will be returned to contributors of premia. This measure is necessary in order to secure business. The value of these shares, therefore, is not likely to increase much for some time.

Hongkong Fire Insurance Company.—The price of these shares was 558 to 560 in January (*cum* December dividend), and 500 in February, (*ex* dividend.) Rates fluctuated a little during the year, and at its close the quotation was 530. The accounts shew:—

At reserve	451,774.00
At working account 1874.....	233,784.87
	685,558.87

over 171 per cent. on paid-up capital. A dividend for 1873, of \$51.75 per share (25.875 per cent.), and a return of 23.94 per cent. on contributions, were paid to shareholders on 24th ultimo. This Company, being able to make such large returns on contributions, must continue to compete successfully with home offices, and do a large business. Its losses have hitherto been very small.

Victoria Fire Insurance Company.—Business began at 116 in January, and the price advanced to 126 in June. It reached 129 in November, and 126 on 31st December. The accounts shew:—

At reserve	\$ 179,821.83
At working account, 1874	50,275.48
	\$ 230,097.31

or 76.7 per cent. on paid-up capital. Interest at 12 per cent. was paid to shareholders for 1874; and for 1873, dividends of $4\frac{1}{4}$ per cent. on capital, and of 15 per cent. on contributions, have since been paid.

China Fire Insurance Company.—Shares were done at 128 in January, and the rate gradually advanced to 137 in October. The closing rate was 134. The balance sheet shews:—

At reserve	\$ 248,614.30
At working account, 1874	69,870.39
	\$ 318,484.69

or 79.62 per cent. on paid-up capital. Interest at 12 per cent. for 1874, has been paid to shareholders, and 14.87 per cent. on their contributions for 1873. The premia collected by this Company, and by the Victoria Fire Insurance Company, have been decreasing. This might be anticipated, when we note the fact that home offices take risks at similar rates, and make a return of 20 per cent. when the premium is paid.

Shanghai and Hongkew Wharf Company.—Shares were sold in January at 120 cash, and 124 for 30th April. Rates gradually declined to 81 on 10th December, but advanced to 90 by the end of the year.

Net profit for 1874 (6.71% on capital).....	14,429.16
Dividends (5%)	10,750.00
To reserve	2,872.98

This wharf has not realised, of late, the good prospects with which it started. Competition and dull business have combined to depress its earnings. If the proposed amalgamation with the wharves under the management of Messrs. Jardine, Matheson & Co. is carried out, there is every prospect, however, of a successful future.

1875.

Silk. The principal feature of the year under review, is that of direct Exports of Silk (there has been a large increase both to the Continent and to America, and a large decrease to London) and the most satisfactory that, notwithstanding this, the deliveries of North-China Silks from the London Warehouses have been gradually increasing.

The following are the figures for the last four years :—

Export to	1875 <i>Bls.</i>	1874 <i>Bls.</i>	1873 <i>Bls.</i>	1872 <i>Bls.</i>
London	26,236	33,846	33,616	38,259
Continent	35,347	28,054	16,217	12,223
America.....	7,458	4,127	2,714	4,142
	<u>69,041</u>	<u>66,027</u>	<u>52,547</u>	<u>54,624</u>
Deliveries from London Warehouses.	1875	1874	1873	1872
	<i>Bls.</i>	<i>Bls.</i>	<i>Bls.</i>	<i>Bls.</i>
Chinese	38,378	37,118	34,370	30,285
Cantons	6,622	6,832	8,380	11,341
Japans	6,528	8,154	8,195	10,483
Bengals	2,647	2,824	4,849	5,443
	<u>54,175</u>	<u>54,928</u>	<u>55,794</u>	<u>57,552</u>

From these figures it would appear, not so much that there is an increase in the general consumption of silk, as that North-China silks—viz., Common Tsatlees and Taysam sorts, are, at present prices, able to compete successfully with Cantons and Bengals; for the increase of the former, comparing the past year with 1873, almost exactly counterbalances the decrease of the two latter. The result of this on the London market has shown itself in the large and steady decrease that has taken place in the stocks—notwithstanding pretty heavy transhipments from the Continent—

From	29,322	Bls.	Chinas	(excluding Cantons)	on	1st Jan.
To	21,203	"	"	"		1st June.
To	16,646	"	"	"		1st Dec.

A good steady market might reasonably have been looked for at home under these circumstances; but many causes combined to prevent such a desirable result. In the early part of the year, importers again betook themselves to the public auctions to get quit of their holdings, and dealers took advantage of these to supply themselves, buying on the open market only such parcels as seemed most suitable to their requirements; thus, through the early months of the year, quietness prevailed; and on the 1st June the value of No. 3 Tsatlee was rather lower than on 1st January; while Common Tsatlee

Kahings and Taysaams had rather improved. A heavy failure in June, which threw a considerable quantity of silk on the market, served further to add to the prevailing dullness; and when the new season's silk arrived in August, it was to a market that looked upon it with indifferent eyes. As the season advanced, rumours of free supplies both from China and Europe, and the fears of political complications, tended to keep things dull—in which state they continued uninterruptedly till December, when a rather better feeling set in, and prices at the close of the year were stronger.

The following is a summary of the year:—

January.—Settlements to date for 1874-5 were 58,800 bales; and stocks 9,000 bales. The market opened quietly, but towards the end of the month a good enquiry sprang up for $4\frac{1}{2}$ and Common Tsatlees; and prices hardened towards the close, with considerable settlements of Chop Silks—No. 3 Yakee being taken at Tls. $397\frac{1}{2}$, Ku Kee's Chin Jan at Tls. $347\frac{1}{2}$, and Red Peacock at Tls. $322\frac{1}{2}$. Settlements for the month reached 4,800 bales; Stock, 5,500 bales.

February.—The market opened fair, with an advance on good silk, owing to its scarcity, of Tls. 5 per bale; but owing to the anxiety shown by holders to quit towards the close, a fall of from Tls. 5 to 10 took place—Ku Kee's Chin Jan being settled at Tls. 340, and Blue Elephant at Tls. 325. Settlements for the month were curtailed by the intervention of China New-Year holidays—amounting only to 1,800 bales. Stock nevertheless had declined to 4,500 bales.

March.—A fairly active business at lower rates characterized this month, all classes of Tsatlees sharing in the decline. Taysaams, however, maintained their value, stock of these sorts being almost exhausted. Ku Kee Chin Jan sold at Tls. 330. Blue Elephant at Tls. 320, and common Tsatlee at Tls. 255 a 265. Settlements for the month were 3,500 bales; Stock 2,000 bales.

April.—A further decline in chop silks took place during the month, at which rates some parcels were shipped on native account, Yakee No. 3 at Tls. 390, and Blue Elephant at Tls. $312\frac{1}{2}$. Settlements for the month, 2,900; Stock 300 bales.

May.—Business was trifling, the remaining stock being cleared off at prices similar to those ruling last month, and the season 1874-5 closed with a total export of 72,200 bales, distributed as follows:—

<i>To London.</i>		<i>Continent.</i>	<i>Bombay.</i>	<i>Hongkong and Coast.</i>		<i>America.</i>	<i>Total.</i>
<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>	<i>lbs.</i>
33,384	31,809	1,179	992	4,836	72,200		

On the 27th, the first musters of new season's silk were shown, and the market was opened on the following day with the purchase of 200 to 300 bales, consisting of Common Tsatlee, at Tls. 250; fair to good No. 5, at Tls. 270/85; Leyangs and 9/12 Moss Taysaams, at Tls. 230. These prices show an advance of about Tls. 10 for the Tsatlees, and Tls. 30 for the Taysaams, over the opening rates of 1874. The crop was reported as good, and likely to reach 80,000 bales; but as usual the first arrivals were hastily packed, coarse and very dirty.

June.—Large arrivals took place, and settlements were on a heavy scale, amounting to 10,000 bales. Fully one half of these purchases were for the

Continent, and consisted chiefly of Medium Tsatlees ; while for the London market, the demand seemed to run on Taysaam silks. In Chop silks, Koofong Sings No. 3 were taken at Tls. 400 ; Ku Kee Chin Jan at Tls. 340 ; Blue Elephant at Tls. 330 ; Chin Yuen Sing's Kahing Gna Ling at Tls. 315 ; and Common Tsatlees at Tls. 255. Very heavy rains all through this month acted deleteriously on the second crop, and the estimate of the total yield was reduced to 75,000 bales. Stock 13,000 bales.

July.—Discouraging advices from the Home markets had the effect of weakening prices, more especially for the better classes of Tsatlees, while Common Tsatlees nearly maintained their value, and an advance on Taysaams took place, owing to the native demand for these classes. Settlements were on a free scale, although checked for a time by the enforcement on the part of dealers to sell only for cash on inspection. They amounted to 12,300 bales, but owing to the very free receipts from the country, stocks increased to 17,000 bales.

August.—A much smaller business was done during this month, but prices, in spite of continued bad accounts from Home, continued firm ; and as the conviction gained ground that the total available Export would not exceed that of last year, prices gradually hardened, and at the close showed an advance of Tls. 5 on Tsatlees and Tls. 10 on Taysaam sorts. Settlements for the month, 5,900 bales ; Stock 16,000 bales.

September.—At the commencement, a strong effort was made on the part of holders to force up prices, but with only partial success ; and towards the close the market quieted down to the prices ruling in August. Koofong Sings No. 3 were settled at Tls. 400 ; Blue Elephant, at Tls. 325 ; and Chin Yuen Sing's Gna Ling at Tls. 327½ ; or an advance on this Silk of Tls. 12½ over June rates. Settlements for the month, 7,600 bales ; Stock 16,000 bales.

October.—Rather better accounts from home led to a slight advance, especially in medium Tsatlees, while Chops remained comparatively neglected. The American demand also improved, and considerable settlements were made for that market at an advance of Tls. 5 to 10 on Rereeled Silks ; but towards the close quietness again prevailed, and but little change can be noted over the rates ruling last month. Settlements were 7,200 bales, and Stock 13,000 bales.

November.—A fair business was again done for America, at rather lower rates, and Chop Tsatlees also sustained a fall, Koofong Sings No. 3 being settled at Tls. 392½ ; Blue Elephant at Tls. 322½ ; and Red Peacock at Tls. 315. Settlements 6,700 bales ; Stock 11,000 bales.

December.—During the early part of the month, only a moderate business was done at a further decline on Chop Silks, Koofong Sings No. 3 Tsatlee being taken at Tls. 390 ; Blue Elephant at Tls. 317½ ; these rates drew the attention of buyers to these Silks, as they compared favourably with the prices asked for Common and Medium Tsatlee, viz., Tls. 270 to 280 for the former, and Tls. 290 to 310 for the latter ; and a slight advance took place on them towards the close of the month. Settlements were 7,300 bales, making total Settlements for 1875, 70,500 bales, and for season 1875/6, 57,000 bales ; leaving a Stock of 6,500 to 7,000 bales, to which a further addition of 5 to 6,000 bales was looked for.

Tea—Black Leaf Congous. A retrospect of the Black Tea season of 1875-6, must again be a record of an unsatisfactory and disappointing business, the more so because at the commencement of the year the favourable position of tea—the largely increasing deliveries, the reduction of stocks to what was considered a reasonable compass, and other causes—pointed to a promise of success more than usually brilliant; how vain this promise was is now well known, and proves more than ever that the conditions of the tea trade have altered from what they were in old days. The most palpable reason for non-success in operations in the leaf is, of course, the yearly increasing rapidity with which it is produced and sent forward, the supply for the whole season being compressed into a few months; but it would be thought that this should not make much difference, so long as the eventual total supply was not in excess of the consumption; as in that case the merchant would only have to wait till his turn came. But importers are beginning to find that they *dare* not hold. The knowledge of how extremely perishable and deteriorating an article it is, asserts itself more year after year; and although this fact appears to be persistently ignored by buyers in China, it exists to an extent that would not be credited by any one who sees the reckless way shipments are hurried forward. It is an actual fact that, year after year, teas which have been long held, sell 25 to 30 per cent. lower than their valuation on arrival; and that that decline in value can be distinctly traced to deterioration in quality, and not to any fall in market; and yet the buyer of that tea will, in the following year, give instructions that his shipments should be held unless they come out. Importers in England are beginning to realize the fact, and are as anxious to get rid of their teas, as buyers in China are to secure them, which naturally results in dear purchases on one side and cheap sales on the other. There is another cause, however, which above all others militates against the success of China teas, and this cause cannot be brought too prominently forward, and is one which is worthy of the gravest attention. It is the important position *Indian Teas* are taking in England. Buyers in China are apt to attach much too small importance to the rapidly increasing trade in Indian teas. But it must be remembered that nearly every pound of it is fine tea; its manufacture is improving year by year, both in quality and quantity. Next season, it is estimated the import into England will be 28,000,000 lbs.; and at the rate it is now increasing, in another ten years, it may confidently be anticipated that the export from India of good and fine teas will not be far short of one hundred million pounds.

In giving a brief resumé of the business of the past year, we must premise that Ningchow teas are now taken so exclusively for Russia, that they may be looked upon as distinct from those suitable for England, as though they were a different class of goods altogether. The teas arrived in bulk in Hankow and Kiukiang at an earlier date than was ever before known—first arrivals taking place in Kiukiang on the 9th May, and in Hankow on the 12th idem. The market was first opened at Kiukiang for Ningchow teas, destined for the Russian market. Purchases were made on the 8th May, and during the next two weeks a large business was done in these kinds, both there and in Hankow, at

prices ranging from Tls. 45 @ 63, or 2s. 7d. @ 3s. 7d. per lb.—the highest prices ever paid since the river ports were opened.

On the 12th of May, the market was opened in Hankow for Oopack teas. Prices gave a fair return to teamen, and they were ready sellers, which caused a very heavy daily business, the market being swept at the close of each day; no accumulation of stock could therefore take place; and, as many buyers held back at first, in hopes that opening rates would not be maintained, there were constantly fresh operators entering the market, which gradually stiffened under the active demands, and a sensible advance on opening rates was established.

The quality of the crop appeared to be good (we say "appeared" advisedly, because it is apparently impossible to decide with any degree of certainty when the teas are freshly brought down, as to whether the crop is good, bad, or indifferent. Opinions on the spot differ greatly; and it frequently happens that, when a crop is considered good in China, it gives great disappointment on the home side; while it has also been the case that a crop disparaged here, has proved superlatively good on its arrival), and by many was considered to be generally superior to that of the previous season; and as prices did not compare very unfavourably with those current for the new teas of the previous year, which, although showing no great results, had not entailed loss, buyers acted with great confidence. Arguing that, if the teas of the season before had come out without loss, those they were buying then—costing no more, being of better quality, arriving at home at a time when the statistical position of the article was considerably improved, and when by their calculations there could be positively *no* fine tea in England—would at any rate be a safe card, and might possibly shew favourable results. A great deal of stress was laid on the circumstance that the trade, who had no arrivals except those of indifferent classes for many months, would be looking for the first vessels with new tea with the greatest eagerness; and there seemed to be an idea that not only the first cargo in, but also several of the subsequent ones, would be at once absorbed to relieve the immediate and pressing wants of the trade. How utterly futile was this idea was shewn on the arrival of the *Glenartney*. This vessel was docked on the 5th July, six days before the *Glenearn*, but, to the surprise of everyone, the utmost indifference was evinced. On the first day a few sales were made at fair profits; though only 4,000 to 5,000 packages (a very small percentage of her cargo) found buyers. Subsequently, sales were most difficult, and importers fearful of the advent of the next vessels, began to press their teas; as this was not responded to by the trade, a daily declining market resulted. On July 10th, the *Glenearn* arrived, closely followed by the *Flews Castle*, *Bengal*, and *Deucalion*. Auctions without reserve then became the rule; and as a much greater quantity was offered than could be taken by the trade, a very low scale of prices was established—many teas losing from 3d. to 4d. per lb. on laying down cost. There can be no doubt but that at this time the action of importers was injudicious and unwarranted; for the teas they were so anxiously forcing off were of a class of which only a certain supply could come forward, and that could not be replaced; and so clearly was this proved,

that before the end of August all such kinds began to get scarce, and a recovery of fully 3d. per lb. took place. The unexpected news of the unfavourable reception of the first cargo reached China too late to do much good; for at the time it was received there, the whole of the first crop was bought and shipped, and upwards of 50,000,000 lbs., or one-third of the entire export from China, already on the water, though little more than seven weeks from the opening of the market.

About this time, second crop teas were arriving. The curing and preparation of these had been seriously interfered with by a continuous period of wet. No break in the weather had allowed a proper chance of sun-drying the leaf, and after suffering from the damp, it had to be fired while still in an unfit state for the pans. The outturn was in consequence very indifferent, and on its arrival in Hankow traces of mildew were everywhere apparent. The badness of this crop, coupled with the unfavourable advices being received at the time, rendered buyers more cautious, and for a short period there was a comparative cessation of business. Teamen, however, soon recognized their position, and reduced their asking prices to a point sufficiently low to tempt buyers, and shipments went on as freely as before. It is probable that the teas bought at this time resulted more favorably than any others made during the season, prices being low, the trade not taking so unfavorable a view of the crop, and above all from their being of a class useful for mixing with Indian Teas. Third crop teas commenced to arrive a month later, and were as bad as the second; but as there was an indication of improvement on the London market at the time they were being bought, they were taken at comparatively higher prices; the best parcels of both crops being weeded out in Hankow. Arrivals ceased towards the end of October, and by 1st December the season was virtually at an end, stocks then left being insignificant and of common quality.

The course of the market during the season may be summarized as follows:—

In China, May 12th.—Market opened in Hankow; large settlements day by day. Quality supposed to be superior to previous season. Prices considered not excessive in view of low exchange and freight. Settlements by June 1st about 250,000 chests Hankow tea, comprising nearly the whole of the first crop. Export to London 22,500,000 lbs., to Russia 5,000,000 lbs.

June 4th.—Market opened in Shanghai. Only the leavings of the first crop which had been rejected in Hankow, on offer. Business through the month small, in consequence of small supplies, the second crop not being to hand, and first mostly bought in Hankow. On 28th June, second crop teas commenced to arrive. No teas above medium shewn after June 1st.

July 7th.—News received of the arrival of the *Glenartney*. Second crop teas arriving freely but not liked, as they all shewed traces of damage. No business done till about the 13th, when teamen brought down their prices and heavy purchases were made. On 18th and 19th, adverse telegrams stopped business, and by *August 7th* prices had declined to their lowest point, from which they gradually advanced. The great bulk, common. Medium kinds, scarce.

September 1st.—Third crop teas arriving slowly; few except common shewn in Shanghai. Prices shewed a considerable advance on those of August.

October 1st.—No teas except common, after this date. Prices maintained.

November 1st.—Stocks small, and only a moderate business; full prices paid for all except common, which were bought at very low prices. Season closed by December 1st.

In England, July 1st.—Position of stocks most favorable ever known.

Stock of Tea.....	58,000,000 lbs.	Of Congou.....	32,000,000 lbs.
Against 1874.....	61,000,000 "		36,000,000 "
1873.....	71,500,000 "		43,000,000 "
1872.....	80,000,000 "		53,000,000 "
1871.....	90,000,000 "		56,000,000 "

Glenartney arrived 5th. Only 4,000 a 5,000 packages sold. *Trade disappointed with quality of crop.* Dragging and declining market till 10th, when *Glenearn* arrived. Large auction sales, and heavy arrivals. Lower scale of prices established than had been current since 1869.

August 1st.—Market still declining till 18th August, when medium teas began to get scarce. And as reports of second crop teas advised the crop a failure, an advance of 3d. to 4d. per lb. took place in teas at about 1s. 4d., and a smaller rise in other grades except common. Common kinds declining. Finest in small demand. Deliveries very large.

September.—Strong demand for medium teas up to 1s. 6d. Second crop teas arrive per *Venetia*, and being of the class most in demand are freely taken. Common Black leaf, 11d. On Fine and Fine teas difficult of sale. Deliveries continue on a large scale.

October 1st.—Medium teas still in strong request, and very full prices paid. Good medium and fine wanted up to 1s. 9d. Little business above this price. Common Black leaf 10d., in large supply and declining in value. All teas held more firmly than usual in expectation of war with China. Less business towards the end of the month. *Cutty Sark* arrived with first teas *via* Cape. Very heavy deliveries.

November 1st.—All classes of teas weaker. Common Black leaf, 9½d. Moderate demand for medium at a halfpenny decline; demand very slack for on fine and fine, but importers holding firmly. Deliveries again very large.

December 1st.—Common Black leaf, 9d. Market quiet before Christmas. Importers anxious to quit fine and finest grades held since July. But no demand for these kinds at their prices. *The quality of these teas having undoubtedly deteriorated from being kept, till they rank no better than good medium.* Prices for medium teas, especially second crops, still maintained; deliveries for month small.

January.—Telegrams advise medium Black leaf firm. Others declining. Common Black leaf declining. Stock 107,000,000 lbs. Afloat, 25,000,000 lbs. *Import of Indian tea for 1875 shews an increase of 6,500,000 lbs.*

It will be seen that the tendency of the market has been entirely favorable to medium teas, while common and fine are quite neglected.

The reason of this is, that common are not suitable for mixing with Indian teas, while fine, or such as are shipped from China as fine, are virtually useless for the same purpose, as the delicate flavor for which they are selected in China, is drowned by the rough pungency of Indian tea. The English palate is now getting so accustomed to the biting nip of these mixtures, that the delicate flavored but thin China teas seem vapid and soft by themselves. Were the fine teas we send to combine strength with flavor, they would doubtless be in great favor, but these kinds are all absorbed by Russian buyers; and those that are taken for England are weak though flavory. The large lightly twisted leaf of the Oopack and Oonam teas is also against them for mixing, while at the same time it indicates a want of "guts" (as it is technically termed), that doubtless is the cause of their excessive deterioration. When new teas arrived last year, the stock of "on fine" and fine grades was practically exhausted. In the new season, shipments of these kinds were limited, for there were certainly none except in the first crop, and allowing the amount of first crop shipped to England to aggregate 30,000,000 lbs. (5,000,000 lbs. of the cream of the fine tea had been taken for Russia), at least 10,000,000 lbs. of this would be common and medium, leaving only 20,000,000 lbs. of fine and on fine. And although a great proportion of even this small quantity was forced into consumption at medium tea prices during July, there is still no enquiry for what must be the limited quantity still on offer; and there are teas now in London shipped by the *Glenartney*, *Glenearn*, *Fleurs Castle*, and others of the first ships, which were valued at 2s. and upwards on arrival, but for which 1s. 10d. would be gladly accepted now—the cause of this being, briefly, as stated before, *Indian Teas*, which render the trade independent of tea above 1s. 8d., and *deterioration in quality by keeping*. Export of tea *via* Canal has increased greatly during the year—the shipments being as follows:—

	1875-6.	1874-5.	1873-4.	1872-3.
Shipped <i>via</i> Canal	128,000,000	114,000,000	102,000,000	82,000,000
„ <i>via</i> Cape	22,000,000	42,000,000	36,000,000	63,000,000
Total	150,000,000	156,000,000	138,000,000	145,000,000

Production of Congou during the year has been slightly in advance of the previous season. The first crop was very considerably in excess; but the badness of the second, and the low price of common teas tended to restrict supplies of second and third crops. The total export for the two years being—for 1875-6, 78,409,525 lbs.; for 1874-5, 76,301,860 lbs. Had prices not been unremunerative to teamen, in consequence of their teas being so greatly damaged by the weather, the total supply would undoubtedly have been very much larger. The teas were distributed as follows:—

	1875 & 6.	1874 & 5.
To United Kingdom	64,664,857	65,232,052
„ Russia direct	5,759,625	3,555,009
„ Do. and Continent <i>via</i> United Kingdom	500,000	.....
„ Do. <i>via</i> Tientsin	5,437,947	3,864,172
„ United States	699,495	1,632,497
„ Lost at Sea	1,347,601	2,518,130
	78,409,525	76,301,860

The future position of tea is good, and in July next stocks will be even lighter than last year, and may be pretty accurately estimated as follows:—

Stock as per Reuter's telegram January 1st, 1876	107,000,000
Afloat	25,000,000
Old Tea unshipped.....	2,000,000
Arrivals of New Canton Tea before July 1st, 1876.....	3,000,000
Import of Indian Tea to July 1st, 1876.....	12,000,000
	<hr/>
	149,000,000
Less 6 months' consumption, at 15,000,000.....	90,000,000
	<hr/>
	59,000,000
Less discrepancy between "Reuters" telegrams and Brokers Circulars apparent for past 4 months	5,000,000
	<hr/>
Stock of Tea July 1st, 1876, in United Kingdom.....	54,000,000

The rapidity with which teas can now be placed on the London market *via* Canal, renders this reduction in stocks of no value. Indeed it is possible stocks might be reduced another 20,000,000 lbs. under existing circumstances, and yet new arrivals, if shipped in large quantities and arriving at one time, might not be benefitted one *cash*.

Green Tea. A reference to our last year's retrospect of the course of this market, will show a generally unsatisfactory course of events, as regards this class of tea. The shipments for 1874 and 1875 were unprecedentedly large, 12,500,000 lbs.; and it would have appeared little short of miraculous that purchases made under the influence of so great an over-supply could result other than ruinously, which they unfortunately did.

The new Pingsueys began to arrive at the latter end of June, and proved of very poor quality, the appearance of the teas being much against them, and the cup quality coarse and flavourless; perhaps no such poor yield had before been produced. Buyers held aloof for some time, holders asking prices far beyond the value of the produce. On the 9th July, the first parcels were shipped, probably on joint account with the natives, at prices showing a decline of perhaps 25 per cent. to 30 per cent. from the opening rates of season 1874 and 1875. Later on, two chops were purchased for America, at Tls. 31, showing no change in values. In June, a few of the new Taipings were shipped to England, at a decline of about 25 per cent. on the prices given for early purchases the previous year.

The first musters of Fychows and Tienkais arrived on the 14th July, but it was not till the 10th August that "Wo Hung" chop was settled at Tls. 36, say 50 cents laid down in New York, or about 7 cents over American telegraphed values. At the end of August, Tienkais showed a fall of 2 *a* 3 Taels, at which price a fair business was transacted. Moyunes at this time were arriving very sparingly, and parcels of good medium class were purchased at Tls. 27 *a* Tls. 30.

The *Galley of Lorne*, the first direct steamer to America, cleared on the 28th August, with 1,100 tons of Green Tea, and filled up at Amoy, by which date three sailing vessels were advertised as loading for New York.

During September, business became more general for both America and England, and prices gradually hardened for the best teas on offer, Tls. 38 being offered for fancy Moyunes. In October, a quieter time prevailed, owing to depressing advices from both consuming countries, and prices were quoted Tls. 1 a 2 lower; and Pingsneys found buyers to a moderate extent at a concession on previous rates. On the 9th October, the clipper *Wylo* left, being the first sailing ship departure. November brought no relief to holders, and purchases continued very small for the time of year, Americans being almost altogether out of the market. Prices were irregular and generally lower; and the fear of how the New Adulteration Act might work in England seriously affected the values of Pingsneys and high coloured country teas. By the end of this month, the lowest point of the market was reached, medium descriptions having fallen a futher Tls. 2, and at this time looked cheap. A steady demand now sprung up for good and choice Moyunes, and prices were steadier. Stocks had now reached their highest point, and no less than 150,000 half-chests were available for purchase. In December there was more activity, and best chops advanced Tls. 2, medium parcels showing Tl. 1 improvement in value, common being the turn stiffer.

On the 10th December, news was received from America that President Grant proposed a resumption of the duties upon Tea and Coffee, and this was the signal for indiscreet buying at rapidly advancing prices; but *why* rates *should* have advanced, with the possibility of the purchaser having to bear the infliction of an additional impost of 10 to 15 cents, it is indeed difficult to discover, and the proceeding reflected little credit on the steadiness and prudence of buyers. From this time to the end of the season, holders having quitted their oppressive stocks, gradually raised their pretensions, until chops, coarse and objectionable, and the *rejected* of November, at Tls. 22, became the competed for in February, at an advance of fully 20 per cent. Indeed, the bulk of February purchases, at Tls. 25 a 27, were worth, perhaps, not over Tls. 21 a 22 at the cheapest portion of the season. Good and choice teas by this time showed an advance of Tls. 5 per picul, but the lay-down cost has been helped by a decline in Exchange from 5s. 8d. to 5s. 3d.

At the present date, supplies are very nearly at an end, and the stock consists of only a few hundred packages of poor country Teas and low quality Pingsneys.

The quality of Pingsneys has been poor throughout. Tienkais also have been generally wanting in cup quality. Moyunes were, perhaps, equal to the previous season's produce in the cup, but great fault must be found with the make and appearance of all Teas; and it is lamentable to find such a falling off in the produce of the season, as compared with the productions of ten years back, and still more so with the honestly and carefully prepared Teas of years long gone away. Indeed, this "scamping" in the manufacture of Green Teas is ruining the trade, and amply accounts for the lessened production, 450,000 half-chests against 565,000 the previous year. Green Teas of late years (the best of them) have possessed none of the marked character, the sweet astringent burntness, which was so attractive in old-fashioned Moyunes. Eighty per cent. of the Teas now-a-days possess really no distinguishing flavour,

and taste like a discoloured hybrid of Oolong and mawkish Japan. Indeed, the Fychows and Tienkais, especially, are notoriously mixed with Hoochows, Pingsneys, and such like leaf, from which districts leaf is conveyed to Tienkai countries, and sold at a far better price than it would bring in the place of its production.

Unless the manufacture of Green Tea is improved, the demand will die out in America, as Foochow and Amoy Oolongs are doing. Had it been honestly made, the yield of Japan Tea would never have risen from 8,000,000 lbs. to 24,000,000 lbs. in a few years; and as Japan now holds out a prospect of shipping 28,000,000 lbs. next season, it shows how cautiously the produce of China need be touched by shippers. It is said that the large land grants made in Japan, three years back, on condition that either mulberry or tea should be grown, are beginning to make themselves felt; and it is impossible to say how large the production may be in another two years. Certain it is that, unless Green improves in quality, it will be numbered in the trades that *once* existed; certainly as far as America is concerned. All over the United States comes the cry—"Give us good Japan Tea; we do not want your characterless Greens."

Up to the present time, shipments to America have again lost money, notwithstanding they were bought 25 per cent. cheaper than the produce of 1874. To England, results have also been unsatisfactory, notwithstanding the reduced shipments (30 per cent.), and very few parcels have come out without more or less loss.

During 1875, the course of markets in America has been persistently downwards, relieved only by a little steadiness in October, and a moderate speculative demand in December, which having subsided, has left the trade as flat as ever. Latest telegrams give the highest quotation as 43 cents only, for chops; very good parcels are valued at 36 *a* 38 cents, only; common Teas being valued as low as 25 cents, say 1s. per lb. Few first Young Hysons, even of choice quality, are saleable at 50 cents, being 20 to 30 cents under the value of similar Tea a few years back.

Most first Young Hysons have sold at the unprecedentedly low price of 1s. 6d. in England, a figure leaving a large loss, and with the auction system now so much in vogue, any great improvement in value looks very improbable.

Piece Goods It is our monotonous task to again record a year of unsatisfactory business in Piece Goods, both as regards volume and results. Deliveries have, with a few exceptions, fallen off as compared with last year, which was not itself a year of progress in this respect. In some articles the decline is marked—for example, Grey Shirtings have fallen off six per cent., Chintzes eighteen, Handkerchiefs seven, and Figured Lustres thirteen. The abundant cotton and silk crops of 1874 are, doubtless, some of the operating causes; but, as Piece Goods are by no means the only imports the consumption of which has been restricted, allowance must be made for the serious impediments placed in the way of trade by the heavy taxes on the inland transit of goods. The cotton harvest of 1875 was deficient, and prices of the staple accordingly rose; but they fell again, as it became apparent that there were considerable stocks left over from the two preceding crops. The quotation of Medium

Shanghai staple has nevertheless settled down to just 50 per cent. above that of a year ago; so that importers of cotton manufactures are now relieved from the competition of extremely low-priced raw material. Amongst the causes of the unprofitable results of the trade to importers cannot be numbered excessive shipments, which have, indeed, been on a scale of singular moderation. In few instances have they exceeded the total deliveries, and in some, notably in Grey Shirtings, they have fallen far short of them. The result is a considerable diminution of stocks, which are, notwithstanding, sufficient to meet all probable requirements, having regard to the facilities for replenishing them afforded by the telegraph and the Suez Canal. This moderation, however, is most noticeable during the first half of the year, since shippers appear to have been anxious to forestal the profits they anticipated as a consequence of their reticence, and lost little time in supplying the expected deficiency—with a most disappointing effect upon prices. These experienced a decline of about 5 per cent. on Grey goods in the course of the second half of the year; whilst the outturn was rendered still more unfavourable by the uninterrupted fall in Exchange, to those, at least, who adhered to the old style of remitting in sterling; those who preferred to be drawn upon from London against the cost or proceeds of the goods at "Exchange per endorsement," have had a great advantage in selling, many invoices just coming out, which could not have avoided a smart loss if remitted for in sterling bills after the proceeds had been cashed. This method of providing for the cost of goods has of late years been coming into increased favour and is assuming considerable proportions. It seems attractive to importers, because upon a falling Exchange market the advantage has been on their side. Much of its attractions may vanish, should the tide turn the other way, and Exchange commence to rise steadily. It may be granted, however, that such a contingency is remote; and it is quite possible, besides, that this method may suit the banks in these days of telegraphic transfers, as it enables them to utilize their balances without incurring the expense of moving about treasure in order to lay down funds in advance of the produce shipping season. The decline in the value of silver dims the hope of a profitable trade in imports for the future; competing, as Piece Goods do, with native manufactures, a rise in the tael selling rate, proportionate to the diminished exchangeable value of Sycee, cannot be looked for.

Our market has been much indebted to Japan, during the year under review, for taking off our surplus stocks of Grey Shirtings, Velvets, and Figured Lustres. This proceeding was facilitated by the low rates of freight ruling whilst a severe competition was being carried on by the Mitsu Bishi and Pacific Mail steamer companies. Now that the whole trade is in the hands of the former company, this outlet is much restricted. As Japan, too, appears bent on carrying on war with Corea, her purchasing power is likely to be much diminished.

Among the incidents of the trade may be noticed the proclamation of the Customs' Taotai at Tientsin, in March, respecting an additional *likin* tax on native goods. The Chinese engaged in the Piece Goods trade at Tientsin closed their hong's; and bale goods, in the absence of sufficient storage accommodation, were allowed to accumulate on the bund. The

foreign Consuls remonstrated with the Taotai, who declared that his proclamation did not apply to foreign goods, but the dealers were not satisfied until the Territorial Taotai and the Viceroy had interfered, and placed matters on their former basis.

It is understood that the native dealers have not been doing a successful business, a circumstance which may afford comfort to importers, if it is any consolation to have companions in misfortune; but which is likely to lead to a want of buoyancy in the market for some time to come.

In our retrospect of 1874, we described the new arrangements made by the Cotton Goods Guild for freeing goods from inland dues by an annual payment, as far as this province is concerned. It is difficult to get thoroughly trustworthy returns of our local deliveries; and to this cause may be attributed, amongst others, the constantly recurring discrepancies in the Chamber of Commerce stocks from the figures as stated by us during the currency of the half-year. But there is reason to believe that the arrangement has had the effect of largely stimulating local deliveries, and this in a province which grows its own cotton, and has a large surplus for exportation. Here is a clear proof, were any needed, that the true cause of the dullness of the Piece Goods trade, as of every other in China, is the burdensome exactions of the Mandarins. Not only do the barrier squeezes and inland dues restrict the area from the open ports beyond which imports cannot penetrate, but they also impede the movement to those ports of native produce, with which alone the consumers can find the means to purchase our goods.

The prevalence of mildew is as marked as in previous years, and, beyond reiterating our opinion that the effect upon the trade is damaging in the extreme, it is useless to enlarge upon the subject, which has not, in the meantime, assumed any novel phase.

Grey Shirtings.—Imports for the year amounted to 4,280,047 pieces, and deliveries to presumably 4,770,000; leaving stocks at 736,000 pieces, as per Chamber of Commerce returns; against in 1874, imports 5,528,000, deliveries 5,146,000 and stocks 1,222,000; the moderation in imports during 1875 has thus reduced stocks 486,000 pieces. Prices opened at Tls. 1.6.0 for commonest 8½-lbs. to Tls. 1.9.2 for best; and Tls. 1.3.5 to 1.5.3 for 7-lbs. The course of prices was as follows:—

	8½-lbs.		7-lbs.	
	Tls. m. c.	Tls. m. c.	Tls. m. c.	Tls. m. c.
31st March	1.6.6	to 2.0.0	1.4.5	to 1.6.0
2nd July	1.5.8	to 1.9.4	1.3.5	to 1.5.2
6th October.....	1.6.4	to 1.9.0	1.4.1	to 1.5.5
29th December	1.5.7	to 1.9.0	1.3.0½	to 1.5.6

Imports having reached on the respective dates 944,000,—2,072,000,—3,298,000,—and 4,280,000 pieces. The Collie failure had the effect of slightly weakening prices in June, but, as the goods were, it may be presumed, sent here to be sold, the worst that could happen would be that they should be sold, and in a retrospect it is needless to attach too much importance to an incident that created much stir at the time. 6-lbs. Shirtings have been dealt in to an extent about equal to 7-lbs., and have at length attained to the dignity of a regular quotation; the value at the commencement of the year was Tls. 1.3.0 a 1.3.4; the highest range of

prices reached during the year was Tls. 1.3.4 a 1.3.8, and the rates at the close were Tls. 1.1.5 a 1.2.8. *Heavy Shirtings* were in strong demand all through the Spring, and quotations rose from their starting point, Tls. 2.5.0 a 2.7.0 for 9 $\frac{1}{4}$ to 10-lb., to Tls. 2.7.5 a 2.9.0, but experienced a smart fall in May; the decline was continuous, and they closed at Tls. 2.3.0 a 2.5.0. Certain favourite chops, notably the Tunsin chop on Dewhurst's Eagles, maintained quotations one or two mace above these.

T-Cloth.—This fabric has met with increased favour, deliveries having reached the estimated total of 2,620,000 pieces. These figures approach those of 1872, and the business done is not, like that of 1872, attributable to the inflation caused by speculative excitement amongst the native dealers; it may be regarded as the effect of a sound demand for consumption, and it is a noteworthy feature that twenty per cent. of the deliveries are local (estimating the local deliveries at 520,000 pieces from the Chamber's stocks.) In this province, T-Cloth more especially of all Manchester fabrics, has to compete with the native article manufactured from raw material grown on the spot. In spite of this increase in the trade, we believe no overwhelming profits have been secured; the quantities shipped having been fully equal to all demands, and have, besides, increased stocks some 174,000 pieces. The course of prices has resembled that of Shirtings, having advanced till the early summer and gradually receded during the autumn; leaving, however, a gain of some 5 candareens on common qualities of 6 and 7 lbs. weight. Common 8-lb. have rather receded in value during the year, but finer makes of this weight show an advance.

White Shirtings have met with a steady demand, 621,000 pieces having gone into consumption, against 586,000 in 1874. Imports, likewise, have increased from 546,000 to 666,000; stocks were consequently in a less favourable position at the end of the year, being 121,000, against 75,000 at the commencement. Quotations gave way to the extent of 5 to 8 candareens during the year, Tls. 1.9.0 to 2.0.5 having been the opening and highest figures, and Tls. 1.8.5 to 2.0.0 the closing and lowest, for 64-reed. Lower counts have yielded about 8 candareens in value.

Drills.—There is ground for believing that the Customs Returns have confused Drills and Jeans, as the Chamber's returns of Stocks are very different from those compiled from the "Customs Daily Returns." Upon combining the statistics of both fabrics, the discrepancy disappears; the Chamber's returns are therefore probably correct. As it is difficult to ascertain the correctness between the statistics of the two articles, the only plan is to consider them both together, from which it appears that imports were 1,213,000 pieces, and deliveries 1,088,000, in 1875, against 805,000 and 1,117,000 respectively in 1874. At the beginning of the year, English Drills were quoted Tls. 2.3.2 to 2.4.2, and fine to finest Tls. 2.6.0 to 2.7.0; advanced some 5 candareens on the superior, to 16 candareens on the commoner sorts; maintained their enhanced value far into the Autumn; and then collapsed until rates descended as low as Tls. 2.1.8 a 2.3.5 for common, and Tls. 2.4.0 a 2.8.0 for fine to finest. Dutch make commenced at Tls. 2.2.5 a 2.3.5, rose to Tls. 2.4.5 a 2.5.2

and receded to Tls. 2.3.5 a 2.4.5; thus being the only Plain Cotton that could boast of an advance in value at the end of the year. American Drills were held for a long time above the views of buyers, but business was done in the Spring at Tls. 3.4.7½ for P.M.C.D., and Tls. 3.4.3 for other chops; in July, prices receded to Tls. 3.3.0 for P.M.C.D.; in August transactions were reported in the same chop at the same rate, and at Tls. 3.2.6 a 3.2.8 for auction sales of damaged cargo. Pagoda chop, a lower quality, was done at the same time at Tls. 3.2.5. The fabric then became dull of sale, till late in September they were booked at 5 and 10 cents lower; the next month considerable transactions took place in P.M.C.D.; at prices gradually declining to Tls. 2.9.2½, ex brokerage; holders refused to go on at this rate, and subsequently rates recovered to Tls. 2.9.5 and Tls. 3 per piece, which latter may be regarded as the closing quotation.

In European cloth, the strange preference of the dealers for 14-lb., at only 2 a 4 candareens lower than 5-lb., deserves notice.

Sheetings.—Transactions were impeded early in the year for want of stock of English; arrivals were quickly taken off at Tls. 2.9.0 a 3.0.2½; but in July they receded to Tls. 2.8.0 a 2.8.7½, and were soon on offer without finding buyers. Sales took place in the autumn at Tls. 2.5.5, and at the close of the year quotations were Tls. 2.4.0 a 2.5.5. Americans were sold early in the year at Tls. 3.7.5; but, in the autumn, prices declined to Tls. 3.5.5, and closing quotations were no more than Tls. 3.3.5 a 3.4.0. Imports of this textile were 152,000, against 27,000 in 1874; deliveries 103,000, against 79,000; and stocks 110,000, against 1,680 in the previous year.

Jeans.—The range of prices was as follows:—English commenced at Tls. 1.8.5 a 1.9.5, advanced to Tls. 2.0.0 for the best, and then declined until touching Tls. 1.5.7 a 1.7.8, at which they remained at the close of the season. Some business was done in Dutch at Tls. 2.1.0 a Tls. 2.2.0 per piece, quotations remaining at that figure the whole year through. American Jeans have not been imported.

Fancy Cottons.—The trade in these cannot have been in any way satisfactory to importers. The results were anything but encouraging, and a very important falling off has to be noticed in deliveries, which were—

	Of	In 1875	Against in 1874.
Dyed Shirtings		51,000	47,379
Spots and Brocades		77,700	94,000
Damasks, Dyed.....		16,500	20,540
Chintzes		174,700	210,182
Turkey Red Shirtings.....		97,000	128,247
Velvets		52,600	47,267
Velveteens		15,700	11,868
Handkerchiefs		211,000	243,373
Muslins		39,000	38,017
Dimities		14,500	14,610

It will be seen that amongst the few articles showing an increase are Velvets and Velveteens; the first of these were re-exported to Japan, to the extent of 14,700 pieces, so that a decline on the consumption of this country may be inferred. The statistical position of some of these fabrics is, however, favourable, owing to moderation in imports. The stocks, at the commencement of the years 1875 and 1876, were of

	1875.	1876.
Brocades and Spots	31,000 Pieces	27,000 Pieces
Chintzes	85,674 "	73,817 "
Handkerchiefs	72,776 "	36,809 "
Muslins	11,100 "	2,900 "

The course of prices has been, as a rule, against importers, although no important changes have occurred.

Quotations were for—

	30th Dec., 1874.	29th Dec., 1875.
Handkerchiefs, Blue	0.4.5 a 0.5.2	0.4.8 a 0.6.0
Brown.....	0.4.0 a 0.4.2	0.4.0 a ...
White Spot Shirtings.....	2.1.0 a 2.2.0	2.1.0 a 2.2.3
Dyed do.	2.4.5 a 2.5.5	2.5.0 a 2.6.0
White Brocades.....	2.2.5 a 2.3.5	2.1.0 a ...
Dyed do.	2.6.0 a 2.9.0	2.5.5 a 2.6.5
Dyed Damasks	4.4.0 a 4.7.0	4.0.0 a 4.5.0
Gentian Shirtings.....	2.3.0 a 2.6.0	2.2.0 a 2.2.5
Chintzes—Assorted.....	1.2.5 a 1.4.5	1.3.0 a 1.4.5
Blue.....	} 1.3.0 a 1.3.5	1.2.0 a 1.2.5
Brown.....		1.5.0 a 1.6.0
Scarlet.....		1.3.0 a 1.4.5
Printed Twills, 24 a 25 yards	2.0.0 a ...	1.9.0 a 2.2.0
50 a 52 yards	3.7.0 a 4.0.0	4.0.0 a 4.4.0
Turkey Reds 2½ a 3lbs.....	1.7.0 a 2.0.5	1.6.0 a 2.1.5
Do. Best.....	2.3.0 a 2.3.5	2.3.0 a 2.3.5
Velvets—Black 22in.	0.1.8½ a 0.2.0½	0.1.6½ a 0.1.9½
Velveteens—Black 18in.	0.1.4 a 0.1.5	0.1.2 a 0.1.5
26in.	0.1.9 a 0.2.0½	0.1.9 a 0.2.1½
Blue Denims	0.0.3½ a 0.0.6	0.0.4 a 0.0.5
Dimities, 37in.	1.3.0 a 1.4.0	1.2.0 a 1.3.0
41in.	1.4.0 a 1.4.5	1.4.0 a 1.5.0
Muslins	0.7.0 a 0.7.2	0.8.0 a 0.8.5

Woolens.—The most important feature of the Import trade in Woollen and Worsted goods is the system of selling by auction, instituted in May, 1874, and which has received an important development in the year under review. There are now two firms holding weekly auctions, the ranks of the auctioneers having been joined by an importing house which offers principally goods bearing the C.P.H. chop. At these auctions there were disposed of

	Pieces.	Bearing a proportion to total deliveries of in 1875 against in 1874.	
Camlets.....	41,780	46.3 %	48.22 %
Long Ells	31,200	33.3 "	15.6 "
Sp. Stripes	24,846	44.2 "	25.5 "
Lastings	8,140	17.4 "	...

The quantities of other descriptions sold in the same way were insignificant, but we place them on record. Of Mahomedan Cloths, 1,680 pieces were disposed of, and of Medium Cloth 228 pieces. Besides these, a small quantity of Cotton goods found buyers at these auctions; and for the purpose of future comparison, we enumerate them here. Grey Shirtings to the extent of 226,300 pieces, or 6.9 per cent. on total deliveries, passed into consumption through the medium of the hammer; and there were knocked down—2,800 pieces of White Shirtings; 46,200

pieces of T. Cloth; 920 pieces Domestic; 9,560 of Drills; 7,350 of Jeans; and 1,160 pieces of Velvets. As regards *Woollens*, other importers profess themselves unable to compete with the auctioneers. Whether these latter are doing a profitable business is difficult to determine; but as the prices thus obtained rule the market, the trade appears to be gradually going into their hands. The result has not, however, been to increase the trade in the goods, as the following comparison in deliveries will show—

	1875.	1874.	1873.	1872.
Spanish Stripes.....	89,000	97,000	96,700	...
Broad and Medium Cloths... }				
Camlets	92,400	83,066	81,420	77,130
Long Ells.....	90,000	91,000	120,000	128,000
Lastings	47,000	40,000	51,000	26,000
Lustres—Plain and Figured....	212,000	228,000	273,000	262,000

Stocks were mostly in a favourable position at the end of the year —being in

	1875 against in 1874.	
Spanish Stripes	4,596	10,574
Medium, Habit and Broad Cloths.....	12,380	10,140
Camlets	16,930	21,960
Long Ells	9,553	7,010
Lastings	11,101	12,410
Do. Crape	8,515	9,170
Lustres—Plain	12,590	4,050
Do. Figured	35,086	128,526
Do. Crape	22,260	4,200

There has been little variation in prices; quotations were, on

	30th Dec., 1874.	29th Dec., 1875.
Camlets, S.S.....	13.0.0 a 13.5.0	12.5.0 a 13.2.5
Medium and Broad Cloths	0.7.5 a 1.6.5	0.8.5 a 1.6.5
Spanish Stripes.....	0.5.6½ a 0.5.7½	0.5.6 a 0.5.8
Long Ells	7.3.0 a ...	7.3.5 a 7.3.7½
Scarlet CPH.....		
Assorted Do.	7.1.0 a ...	6.8.0 ...
Lastings	10.0.0 a 12.0.0	9.5.0 a 11.5.0
Crape Lastings	4.8.0 a 9.0.0	4.0.0 a 8.0.0
Orleans—Figured.....	2.8.0 a 4.5.0	2.5.0 a 4.0.0
Crape Lustres	3.4.0 a 3.9.0	2.9.0 a 3.2.0

It will be noticed from these figures, that the gain in consumption as regards the only articles which show an increase in deliveries, over last year, viz., Camlets and Lastings, has been at the cost of a concession in prices. A feature in the Woollen trade worthy of remark, is the increasing favour in which Cloth of German manufacture is held; it seems to be gradually supplanting Russian cloth, owing to its greater cheapness.

Shares. Unsatisfactory as the year 1875 may have been to Importers and Exporters, it has been still more so to holders of Shares, and nothing short of disastrous to sellers.

The range of prices at the commencement must be considered to have been moderate enough, looking to the intrinsic value of the stocks, as shown by the published reports. Nevertheless, a severe fall took place in most of them, during the course of the year, but the

somewhat unreasonable depression was recovered 'ere its close, and quotations rose again to about the level on which they started, while in many instances the market showed a higher value. This result may be regarded as of a very solid character, since speculation has been entirely absent; and, in consequence, the market has accordingly suffered all through from a want of buoyancy, which has pressed severely upon those desirous of selling, or compelled to do so. The annual savings of Foreigners in China, not engaged in speculative business, must, although of late much diminished, still amount to a considerable sum; yet but little fresh money has gone into shares. This is not owing to an abundance of more attractive or lucrative opportunities of investment. Neither land nor houses are easy to buy, and banks offer no more than 5 per cent. for fixed deposits, with the longest notice of withdrawal. Nor has there been any important increase in the amount of that class of investment offering a certain income and solid security, such as Municipal Debentures and Government Bonds. Although the Chinese Government was again a borrower, the loans were not offered to the public. The Municipal Council offered a loan of small amount; a large proportion of which, however, went out of China, home capitalists being prepared to outbid local investors for this class of security. These latter must inevitably, therefore, be thrown back upon the local joint stock companies, which afford an ample field for judicious investors, as the total paid up capital of the local stocks habitually quoted amounts to more than Tls. 10,000,000. A review of their reports will show that they have all been doing, if not a brilliant, at any rate a sound, business, which pays expenses and leaves a small dividend to shareholders. The dividends have not as a rule been such as investors in this part of the world have been accustomed to expect; they are, however, quite as good as could be obtained, in bad times, from similar property in other parts of the world. Residents in China had better divest themselves, without loss of time, of any lingering hopes that may be entertained that the country will again prove an El Dorado to lucky adventurers; and settle down to the conviction that here, as elsewhere, steady industry and economical living are the only roads leading to competency and riches.

It must be admitted that but little judgment has been shown by the public of Shanghai in Share investments. The fact may be explained, however, by want of familiarity with the subject. A Share market is an institution of quite recent origin in Shanghai. It was not until six years ago that a regular system of dealing in Shares sprung up at this port. Its organisation was speedily followed by a state of high speculative excitement, based upon the most exaggerated estimates of the future prosperity of the companies whose Shares were dealt in. The reaction which set in four years ago has continued, constantly depressing prices until the autumn of last year. Upon a review of the position of the various stocks, no sufficient justification can be found for the excessive depreciation. Although the different businesses which they were formed to conduct, are experiencing the effect of dull times and dwindling trade, they have succeeded in earning moderate dividends, and have fair prospects for the future.

The year 1875 witnessed the entire extinction of one Company—*The North-China Steamer*. Its sole remaining property (it could scarcely be called an asset), the steamer *Yuen-tze-fei*, was lost in March, whilst returning to Shanghai upon the expiry of her Manila charter. The loss was not inopportune, as it would have been difficult to have chartered her again, and impossible to work her at a profit. The result was an account rendered to the shareholders, showing an amount due to the general agents of about Tls. 2,500, which was waived by the latter in consideration of the long series of misfortunes of the former.

The present year will doubtless witness the removal from the Share Lists, of quotations for the Union Steam Navigation Co., the Victoria Fire Insurance Co., and the China and Japan Marine Insurance Company. The first named is in the last stage of liquidation, present quotations being only Tls. 3 per share.

Upon the failure of Messrs. A. Heard & Co., the general agents, the shares of the *Victoria Fire Co. of Hongkong* immediately took a start upward; from \$125 they advanced within a couple of months to \$160 per share. As the funds of the Company are securely invested under the control of the directors, the shareholders lost nothing of moment by the failure of their general agents; and, as the assets when divided promised a much more lucrative return than could be gained by carrying on the business, the opportunity of liquidating offered an irresistible temptation. A syndicate of shareholders rapidly acquired a sufficient majority of votes, and the process of liquidating was carried out without much opposition. The risks were all reinsured; but, as some policy-holders were unwilling to surrender their policies, a portion of the funds had to be retained until the termination of the risks.

Inspired by the success of the *Victoria Fire* shareholders, a majority of those in the *China and Japan Marine Insurance Co.* determined upon pursuing a similar course. The business of this company, although not disastrous, did not make a return to the shareholders at all, in the opinion of the discontented majority, commensurate with the risks they ran, nor, in fact, equal to an ordinary rate of interest on their capital. The average dividend for a series of years was calculated at $6\frac{1}{2}$ per cent. per annum, while, as the contributors had been getting hardly anything at all, no elasticity in the business could be anticipated. Indeed, meagre as was the return to contributors, shareholders seemed to think that their interests had been sacrificed in favour of the former. A meeting was held, in which liquidation was carried by a majority of votes, but the directors strangely considered that it was their duty to resist the verdict of a decisive majority. A series of adjourned meetings followed, until at length the directors, after having in vain endeavoured to reorganise the business on a mutual basis, gave way. The shares at once advanced to \$108, a price which still represents the popular appreciation of their value. At the beginning of the year, the stock was quoted at Tls. 77, but the prospect of liquidation caused it gradually to rise to Tls. 91, and, upon a settlement of the question being arrived at, to Tls. 108; as high as Tls. 110 having at one time been touched.

We will now to proceed to examine the position of the different stocks.

Hongkong and Shanghai Banking Corporation.—After the New-Year holidays, business was done in Bank Shares at 2 per cent. prem., and it is curious that they were at the same quotation at the end of the year. In the meantime, however, very important fluctuations had taken place. The appearance of the Report for the last half of 1874, speedily sent prices down to 15 per cent., and 20 per cent., discount; the tendency continued downwards, with occasional rallies, till Shares were parted with at 30 per cent. discount in August. The first half-year's report did not give confidence in Shanghai, and, at the very low rates ruling during the summer, our local holders parted freely with their Shares. It is believed that some 10,000 Shares have been removed from the Shanghai register during the year, leaving only the small quantity of 2,000 held here. A very large quantity have gone to Europe, and it is said that two-thirds of the stock stands on the London register. As the new shareholders are probably more or less connected with the trade of China, it may be hoped that this large export of the scrip will not injure the goodwill enjoyed by the corporation as a local institution. The report under notice was more favourably regarded at home, and under the influence of orders from that direction prices rapidly advanced during September and October to 4 per cent. discount. Another rise was established at the end of December—during Christmas week, 2 prem. was touched. The report for the latter half of the year showed a profit on the working account sufficient to pay a dividend of 3 per cent., the first since February 1874, and to clear off all the losses carried to Contingent Account. The total profits for the year amounted to \$485,000, or nearly 10 per cent. on its capital; \$278,000 was carried to Contingent Account, making \$1,393,000 absorbed by bad debts since 1873. The Directors state that all bad and doubtful debts, old and new, are fully provided for by the amounts retained in the Contingent Account, leaving the Reserve Fund (\$100,000) untouched. There seems no reason to doubt that the prospects of the Bank are good, although the present market value of the Shares, as compared with that before the report, indicates that the shareholders are disappointed.

Shanghai Steam Navigation Company's Shares opened (in January '75) at 78 ex div., and declined to Tls. 70; but, upon the publication of the report for 1874, prices rapidly advanced to Tls. 84. The advance was not long maintained, and quotations gradually receded to Tls. 60 in August. The cause of this decline, the lowest point touched for nine years, may be traced to a wide-spread impression that the Reserve Fund was not securely invested and that the river traffic had greatly fallen off. The first impression was not well founded, as it appears that Tls. 277,000 are invested in United States Bonds, held by Messrs. Baring, Bros. & Co. on behalf of the Company, and Tls. 110,000 in the Hongkong and Shanghai Bank. The second is unfortunately true enough; but, as notwithstanding the dull river trade, the Company has succeeded in making seven per cent. on its capital, besides carrying Tls. 15,000 to reserve, the excellent position of the S. S. N. Co., as regards connexion and economy in working, should be apparent. The report for 1875, besides the results just mentioned, shows assets of Tls. 126 per share, after writing down the steamers to what the Directors consider a very

low point. The present market price is 40 per cent. less than the value of the assets as per report, and is equivalent to a valuation of all the assets of the Company at about Tls. 1,600,000. If we deduct from this amount, Tls. 438,000 the cash reserve, and some Tls. 92,000 invested in stores, &c., not liable to depreciation, the popular appreciation of the value of the assets is just Tls. 1,070,000. The landed property and docks belonging to the Company cost Tls. 440,000; consequently, besides depreciating these assets by Tls. 330,000, the market price values all the steamers at no more than Tls. 620,000, including seven iron or composite hulls. The *Szechuen*, now building, stands at Tls. 207,000 in the report; deducting this amount, the 16 steamers, the pontoons, the smith's shop, spare machinery, and the other working gear of the Company are worth according to the market price no more than Tls. 413,000. The dividends of seven per cent. per annum paid for two years, out of profits, in the face of two opposing Companies and a carrying trade restricted by the burdensome exactions imposed upon internal commerce by the shortsighted policy of the Mandarins, speak well for the earning powers of the Company's business, and lead us to hazard an opinion that an investment which promises ten per cent. interest under the least favourable circumstances, is an opportunity not to be let slip. The quotations improved in September and closed on 31st December at Tls. 72.

China Coast S. N. Co.—The transactions in this stock have been very few and far between during the year, and were characterized by a steady decline. From Tls. 73, cum dividend of Tls. 4.25, or 5 per cent. on the then called up capital of Tls. 85, they improved to Tls. 70½ ex dividend, then declined to Tls. 63, including the last call of Tls. 15. Dividends of 2½ per cent. were paid for each half of the year. The report just issued exhibits a profit on Working Account for the year of Tls. 66,099.00, of which, after providing for the dividends and some other charges, the balance, Tls. 37,199, has been written off the value of the steamers, leaving the Reserve and Depreciation Fund untouched, at Tls. 62,522; and Tls. 12,004 at credit of Underwriting Account. The earnings show a rate of profit of 13 per cent. on the value of the steamers, after having paid about 10 per cent. net for insurance. The steamers are all comparatively new, and fitted to compete on economical terms with anything that can be brought to run against them.

Although the *China Merchants' Steam Navigation Co.*'s shares are not allowed to be held by foreigners, and are consequently not dealt in on our market, an analysis of their business will be interesting to all holders of foreign steam shares. As most of our readers are aware, the Company was formed about three years ago, under Mandarin management. The timid nature of the navigators of Central and North China had for ages made the Grand Canal preferred to the sea, as a route for conveying tribute in kind to the Capital. But the turbulent stream of the Hoang Ho, "China's sorrow," proved an insurmountable obstacle to the feeble resources of Chinese engineers, and for many years past the tribute rice had been forwarded to a great extent by sea. The allowance to the junks taken up for the purpose was, and is still, six mace per *shih* of 140 catties. It occurred to the mind of Li Hung-chang, the powerful Viceroy of Chihli, to foster a steam fleet, to be available in time of war as

transports, by subsidizing a native company. Such a rate of freight is highly remunerative to steamers for their dead weight capacity, and it was argued that the profits resulting therefrom would give a native company a good start, and neutralize the effects of the mistakes likely to be committed by managers unaccustomed to the business. In the memorial addressed to the throne by the Viceroy, a monopoly of mercantile transit was also one of the objects aimed at. A Mandarin named Chü was the first manager; but, his unfamiliarity with the work threatening to involve the Company in speedy ruin, he was replaced by Mr. Tong King-sing, compradore to a great foreign hong long engaged in the Gulf carrying trade. Foreigners did not, of course, tamely allow the anticipated profitable monopoly to be secured; and in their first report the managers of the company were forced to console themselves by the reflection that cheap freights are an advantage to the country, and that although the company had cleared but small profits, the indirect advantages were considerable. Chinese traders not interested in the company are obviously of the same opinion, and take good care to give sufficient support to the previously established lines, in which, besides, they have a large proprietary interest. The operations of the company have been extended to the River and the Southern Coast, and occasionally to Japan. For the first year, ending the 30th of sixth moon 1874, the accounts showed a profit of Tls. 14,185, after paying interest on loans and an interest dividend of ten per cent. to the shareholders; for the second year, a profit was shown of Tls. 168,255; which was appropriated to paying interest on deposits, bonus to managers, and a dividend of 15 per cent. per annum to the shareholders, and writing off to depreciation fund Tls. 45,116 for 1874 there was written off to the same fund..... ,, 12,000

Tls. 57,116

In the first account, Tls. 19,000 was charged to capital account for the repairs of steamers and repairs to gunny bags were similarly charged. The property of the company liable to depreciation consisted of—

Cost of steamers, hulks, &c.	932,753
Wharfs and Godowns	247,700
Rice Bags, say.....	25,000
And share in <i>Tahyew</i>	?

Tls. 1,205,453

It will be seen, therefore, that about four per cent. had been written off in two years and a half for depreciation in property, which includes the steamer *Aden*, the white elephant of the coasting trade of China, now converted into a hulk.

The capital account of the Company was composed of

Paid-up Capital.....	Tls. 602,400.00
Government Deposits	,, 136,956.82
Sundry do.	,, 465,354.30
Do. Creditors	,, 47,283.84

Tls. 1,251,994.96

The amount of tribute rice carried by the Company's vessels, amounted last year to 449,000 shih, of 140 piculs each. This year, it is understood,

that it will amount to 300,000 shih; which is a quarter of all the sea-borne tribute rice, the remainder being forwarded by junks. The grain forming the contribution to the supposed necessities of the Capital from the Northern portion of the province of Kiangse, has been forwarded by the Viceroy by the Grand Canal, in order to assist in keeping that medium of communication open. A portion of the deposits of the company has since been converted into paid-up capital.

Our readers will thus be enabled to judge for themselves how far the native organization threatens the extinction of foreign companies. Without the advantages of a Government subsidy, the C. C. S. N. Co. has, during a period exactly parallel to the working of the native company, paid dividends of ten and five per cent. per annum, and earned just twenty per cent. on its capital more, to place against depreciation of its property, besides charging *all* the repairs to the steamers, to working account.

China Traders' Insurance Co.—This company suffered very severely from the failure of its general agents, Messrs. Augustine Heard & Co. The whole of the capital, \$200,000, and the balance at credit of working account, \$38,000, were, according to the constitution of the company, left in the hands of the general agents, and were consequently involved in their failure. Besides which a claim of \$50,000 had been paid by a draft upon Messrs. Fearon & Co., London, which firm had also suspended payment; the reserve fund was there fore trenched upon to meet this liability. With the remainder of the reserve fund, amounting to \$216,000, and fresh calls of \$500 per share, the shareholders decided to continue the business, with as secretary and alaried agents, under the control of the directors. The next statement of accounts will doubtless give some notion as to the result, which is in the meantime supposed to be satisfactory. A substantial dividend is expected from the estate of Messrs. A. Heard & Co., and it is anticipated that the treasure, on which the Company had a line of \$47,000, will be recovered from the wreck of the *Japan*.

North-China Insurance Co.—The first half-yearly report of the term 1875-77 was presented to the shareholders in October. Net premiums had been collected to the amount of Tls. 503,000, and losses and claims had been paid to the extent of Tls. 169,000; a balance of Tls. 290,000 being carried forward. The Directors increased their remuneration to Tls. 1,000 a-year each. The shares of Tls. 600 paid up were quoted Tls. 820 at the end of the year.

Yangtze Insurance Co.—The usual dividends, amounting to 15 per cent. per annum, have been paid, and the contributors, who receive all the remaining profits, obtained three per cent. on their contributions for 1873-4. The reserve fund stands at Tls. 200,000, equal to one-third of the capital. The five-hundred-tael shares are therefore intrinsically worth Tls. 666.6.6 each, and there is consequently no apparent reason why the stock should have declined as low as Tls. 515, to which it fell in August. Distrust as to the security of the investments was the operating cause, and, that having passed away, the market rose to Tls. 612½ at the end of the year.

Chinese Insurance Co.—This company continued to pay its shareholders 12 per cent. on the paid up capital, but has paid nothing to contributors for 1874 or 1875; the losses of 1874 having absorbed all the handsome

surplus on the working of 1875. Its business experienced an increase during 1875, and the Directors state that it continues to augment during the current year. Some considerable return is anticipated from salvage claims. The company was dissolved by effluxion of time on 31st Dec. last, but is carried on by general consent of the shareholders. The reserve fund remains at \$51,000, making the value of a share \$234, whilst quotations have ranged from \$188 to \$220.

Union Insurance Society of Canton.—The report of this office for 1874 was published last September, and disclosed a total net premium income for that year of \$773,648; the claims paid were unusually heavy, leaving only \$27,000 to be divided as profits. The working of the first half of 1875 was more satisfactory, since the accounts showed a profit, as far as could be ascertained, of \$311,958.

Besides the Marine Insurance Offices we have already mentioned, there is the *Canton Insurance Office*, of which no particulars are published.—The Chinese have also established a Marine Insurance Office of their own. It is in connection with the China Merchants' S. N. Co., and has a paid-up capital of Tls. 200,000; claims are to be regulated according to the practice of English average customs. The establishment of every native association for trading purposes is looked upon with jealousy by many foreigners, who appear to doubt the capacity of Westerns to sustain competition with the Chinese in any branch of trade in which the latter may engage. There are others, however, who are ready to welcome every effort on the part of the Chinese to conduct their business in foreign fashion, as likely to improve our mutual relations, and tend to an increase of trade between us. This company takes a line of a certain amount upon every C. M. S. N. Co.'s steamer that leaves the port. Its total business amounts to some Tls. 5,000 per month, whilst the aggregate premium income of all the foreign local marine insurance offices, referred to above, reaches a sum of Tls. 3,000,000 a-year.

Hongkong Fire Insurance Co. quotations opened at \$530, and advanced to \$537½ cum dividend; after payment of the dividend of \$51, the shares were quoted at \$500, from which they fell to \$470, the lowest quotation for this stock for five years. Nothing but scarcity of money, or profound distrust of shares as investments, can account for this extraordinary decline in a stock, the reserve fund of which has been increasing year by year, which has not paid less than nine per cent. on its market value, and the business of which is sufficiently large to enable it to sustain losses of considerable magnitude without affecting its satisfactory progress. The report for 1875, recently presented to the shareholders, showed that the business of 1874 left a net profit for that year of \$187,700; which was appropriated of paying a dividend of \$46.19 per share (or \$23 per cent. on paid up capital), a bonus to contributing shareholders of 21.273 per cent. on contributions, and adding to reserve, \$55,428, increasing it to \$507,202. The working account for 1875 showed a balance of \$218,624 in favour of the company, of which \$20,000 has already been lost. It will require losses of \$38,000 more, falling upon irks belonging to 1875, to reduce the next dividend to 8 per cent. on the present market price. The value of the assets of the company were equal to \$453½ per share at the close of 1874; calculating 80 per cent. of the

earnings of the company for fifteen months, at \$200,000, the present value of the share may be fairly estimated at \$553½; they are therefore now at a discount of 9 per cent. During the latter half of the year, prices recovered from \$470 to \$545.

China Fire Insurance Co.—The falling off in the business of this company becoming more marked, the highly paid directors at length became aroused to the necessity of taking decided steps to increase the return to contributors. A meeting was consequently called, and the former arrangements of the deed of settlement abrogated. Instead thereof, the directors were authorised to declare what bonus to contributors they might deem expedient, and recommend what dividend to shareholders they thought fit. The net profit for 1874 amounted to \$67,895, and the directors recommended the appropriation of \$22,036 to payment of a bonus of 20 per cent. to contributing shareholders, and that the balance be added to reserve, making the latter \$294,472. It does not appear that the dividend to shareholders of 12 per cent. is likely to be disturbed. There is no reason why it should be, as the accumulated funds ought to produce interest amounting to nearly 12 per cent. on the capital. The premium income showed last year an advance of \$10,000. The remuneration of the directors is still fixed at \$6,000 per annum, being nearly 5 per cent. on the premiums collected. The expenses of managing this office compare very unfavourably, in point of ratio, with those of the Hongkong Fire. The assets of the company show a valuation of \$194 per share. The market price ranged from \$129 ex dividend at the commencement of the year, to \$150 early in December; the advance was not fully sustained, quotations closing at Tls. 146.

Shanghai & Hongkeow Wharf.—The proposed amalgamation of this company's business with that of Messrs. Jardine, Matheson & Co.'s Wharves was agreed to, and came into operation on the first July. A dividend of Tls. 2½ for the half-year was paid on September 2nd. The report of the first six months' working of the *Associated Wharves* showed a profit of Tls. 20,907.1.3, of which Tls. 9,334.9.2 was the share of the *S. & H. Wharf Co.*; after paying for repairs, expenses of amalgamation, and other charges, enough was left to pay a dividend of Tls. 2½ for the half-year. Adding to the earnings of the half-year, (after deducting recurring charges), Tls. 5,675.0.6, exceptional expenses mentioned in the report, amounting to 2,199.0.6 and estimated reduction of salaries, owing to amalgamation, 1,650.0.0

Tls. 9,524.1.2

they may be regarded as equivalent to 4.45 per cent. The tariff has been raised, and the wharf is described as doing a good business; a better result may be expected at the next statement of accounts. It must be borne in mind, however, that only Tls. 1,640 was spent, in the period to which the above figures relate, on repairs.

Dock Companies.—No incident has occurred during the year to vary the monotonous but safe history of these stocks. *Shanghai Dock* shares opened at Tls. 205, and maintained the same quotation, stripped of the half-yearly dividend of Tls. 10. They reached Tls. 220 cum July dividend; after this was paid, they were at Tls. 210, and advanced to

Tls. 215 before the end of the year. *Pootung Docks* opened at Tls. 85 cum div. of Tls. 5; were quoted at Tls. 84 ex div.; advanced to Tls. 88, and, during the latter half of the year, fluctuated from Tls. 80 to Tls. 85.

Shanghai Gas Company.—Rates opened at Tls. 140 ex dividend, and receded to Tls. 137; after the July dividend of Tls. 6 had been paid, quotations of Tls. 131 appeared, but no shares could be obtained at that rate, and business was eventually done at Tls. 140; at the close of the year their value was Tls. 144. The Report for 1875 has just been presented to the shareholders. The working has resulted in a profit of Tls. 26,348.77 or $17\frac{1}{2}$ per cent. on the capital. Dividends were paid amounting to 11 per cent. for the year, absorbing Tls. 14,120; the loan contracted to pay for the new gasholder was reduced by Tls. 15,859, leaving Tls. 7,173 still due. The capital, depreciation fund, and balance of profit and loss (after paying the last dividend), amount to Tls. 167,064, or Tls. 111.3.6 per share. The present market price, Tls. 144, consequently represents a premium for goodwill of $29\frac{1}{2}$ per cent. The working for the year had shown an increased profit, owing to a decrease in the cost of coal; but the consumption of gas had decreased; a sign, doubtless, of hard times.

French Gas Company.—Prices opened at Tls. 70, maintained the same rate ex dividend, advanced to Tls. 72, at which there were no sellers, in spite of the absence of the usual interim dividend. The report of the Company just published, exhibits profits equal to $14\frac{1}{2}$ per cent. upon the capital, out of which a dividend for the year of 7 per cent. was recommended, the remainder to be carried to reserve, in accordance with the terms of the Deed of Settlement. The position of the Company as regards business appears to be stationary; the profits for the year were somewhat reduced, owing to the enhanced cost of coal and other causes, and the expenses have been in some respects unusually large.

1876.

SILK. The past year has been an eventful one in this branch of our trade. The change in the position and value of silk, caused by the failure of the European crops, has been as great as it was unexpected; and China silk, after years of loss, has at last yielded handsome profits to exporters.

The beginning of the year found all markets for raw silk in a state of depression and discouragement, which had then lasted without interruption for more than three years. For the first five months, there were no signs of improvement, and although statistics showed that the silk consumption of the world was steadily increasing under the stimulus of low prices, yet the larger demand seemed only sufficient to balance the progressive increase of supplies. Prices, so far from advancing, continued slowly to decline on markets wholly devoid of speculation and almost without hope of improvement; it seemed nearly impossible to get more than bare cost for the cheapest silk that could be bought in China.

In May, the London quotation for Blue Elephant Tsatlee sank to 14s. 6d.—the lowest price, we believe, at which that chop had ever been sold. Four months later, the same chop was sold on the same market at 28s.—only 1s. below the highest price paid during the speculative advance in the spring of 1870. In October, there came a reaction, but only a slight one after so great a rise. Prices fell about 4s., but have since recovered and steadied at 2s. below the highest point.

The China markets have, as usual, closely followed those of consuming countries; with the exception, that in September prices here were pushed much over the highest point touched in Europe, and unnecessary and considerable loss must have resulted to shippers during that month. The chief cause of this we shall point out later on. In the end of September, Tls. 712½ was paid for the Blue Elephant chop, which had been worth on 1st Jan. Tls. 315, and on 1st June Tls. 355.

The first few months of the year call for little comment. The Tael cost of silk gradually advanced as Exchange declined, but the fluctuations were not important; and in May the season of 1875-6 closed with a total export of 70,000 bales *v.* 71,700 bales in the previous season.

In the end of May, there were rumours of telegrams reporting some slight damage to the European silk crops, but little credit was given to these, and they had no material influence on the first prices paid for new silk. Our crop was expected to be about equal to those of the two previous seasons, and the weather having been very favourable, the silk was said to be of superior quality. The first hurriedly reeled parcels scarcely confirmed this report, but later receipts showed a great improvement, and led to a general opinion, since confirmed from Europe, that the silk was of better quality than any exported for some years.

This market opened quietly on the 2nd June. Tael prices showed an advance on the opening rates of the previous season of Tls. 30 *a* Tls. 35 for Tsatlees, and Tls. 5 *a* Tls. 10 for most Taysaams. Exchange for six months' credits being 5s. 3 $\frac{1}{4}$ d. *v.* 5s. 10 $\frac{1}{2}$ d., the laying-down cost of Tsatlees was about the same as before, while all Taysaams, except the finest Kahings, were about 1s. cheaper.

For three weeks, there was moderate buying without much change in prices. But about the third week in June, several telegrams were received, reporting serious damage to the silk crops of Europe. At the same time, it was stated that the crop here had been over-estimated, and that unless an important change occurred in prices, there would not be more than 60,000 bales available for export. A fortnight later, when the second crop here turned out a poor one, this estimate was reduced to 55,000 bales. These causes of course led to purchases on a larger scale, as it became evident that to secure a sufficient supply of raw material, the various consuming markets must compete with each other for China silk at higher rates. Before the end of June, an advance of 1s. *a* 2s. was reported on the London market. Singularly enough, Lyons, although in a position to get earlier information about the silk crops, was slower to respond to the movement; but when it did so, a week or two later, its orders were on a much larger scale than those from London.

The Shanghai market followed the upward course of prices, and by the end of June quotations were Tls. 50 *a* Tls. 55 above opening rates. July saw a steadily advancing market, until on the 29th of that month, a ring of foreign speculators began to buy largely, and in a single week prices rose Tls. 60 *a* Tls. 130 per picul, while Exchange advanced from 5s. 2 $\frac{1}{4}$ d. *a* 5s. 7d., thus increasing the laying-down cost of Silk by 3s. *a* 7s. per lb. This advance was too great and too sudden to be maintained, and prices relapsed considerably, but in the end of August they were Tls. 150 *a* 200 above opening rates.

So far, the movement, with the exception of a few excited purchases, had been characterised by great moderation on the part of the buyers in Shanghai, and the bulk of the Silk bought during August showed a fair margin on the prices current on European markets. Considering the excitement naturally caused by so great a reaction from years of extreme depression, it is worthy of note that there was a general disposition here to stop short of the highest point to which speculation might drive prices in Europe.

But in September there was a change; prices were forced up in the most unnecessary way to a point which rendered sound business impossible, and which must have caused severe losses to exporters during that month. The chief cause of this was the unfortunate system adopted by some commission houses in Lyons of sending small "unlimited orders" for certain chops, to both French and English houses here. These orders came in unusual quantity in September, at a time when this market had been almost cleared of the most desirable silks. Their effect was to bring several buyers into the market at the same time for the same chop, and without the option of buying anything else. It repeatedly happened that two or three houses were bidding against each other, without limit as to price, for a chop of which only one parcel remained; the holder of this

could exact what price be pleased, and thus the market was raised Tls. 50 or more in a day on a single small transaction.

It is to be hoped that the losses of last September will check this class of business, or that commission buyers here will agree not to hold themselves responsible for not buying for unlimited orders, if in their judgment their so doing would unreasonably excite the market. This would not entail much loss of buying commission, as the quantity ordered without limit on an excited market is almost always small, and these trifling orders are often sent merely as a bait for consignments.

The extraordinary prices now established showed a total rise from opening rates of Tls. 300 a 360 per picul, or about 100 per cent., and were the highest Tael quotations ever known in Shanghai. There had been considerable speculation during this great advance, both among foreigners and Chinese; results to the former had been uniformly profitable, but few of the latter were prudent enough to sell out in time, and many of them must lose very heavily on the Silk which they bought at this extreme point.

The enormous increase in the value of Silk of course attracted every bale which could be bought in the country. Common and coarse Taysaam of all classes, Silk of previous seasons' crops, Yellow and Wild Silk, were all poured into Shanghai. Chinese consumption was curtailed to supply the export demand, and it became evident that, instead of 55,000 bales, the quantity to be sent forward must be fully 75,000 bales. Raw Haining Silk, which had disappeared from our export for two years, began again to come to market, its value in Europe having increased by 100 to 150 per cent.

Notwithstanding the rapidity with which Silk was sent forward, arrivals from the country were on so great a scale that there were still 18,000 bales in stock here in the first days of October. Then an abrupt stop was put to buying by telegrams announcing that the European markets had collapsed, under the fear of war and the altered prospects of supply.

During the whole of October and November, business was almost entirely suspended. In the closing month of the year, it has been resumed on a moderate scale at Tls. 100 to 180 below the prices of September. The year closes with the heavy stock of 20,000 bales unsold in Shanghai, and with apparently every prospect of a further decline in prices.

The following is the export to various markets, as compared with the previous season :—

	To England.	To Continent.	To America.
1876—June 1 to Dec. 31	23,431 bales.	83,913 bales.	2,345 bales.
1875— " "	20,680 "	29,109 "	5,301 "

It will be noticed that the proportionate quantities sent to England and to the Continent of Europe do not vary materially, while the export to America shows a heavy falling-off. The American Silk-dealers unfortunately sold a large part of their stock to London speculators early in the rise; and as the re-reeled Silks which they chiefly use do not come to market for a month or two after the opening of the season, they were

compelled to pay a very heavy advance here to replenish their stock, and this has had a most injurious effect on their trade.

The results of the year to exporters have on the whole been very favourable. The latest shipments of last season, and those of the first three months of the current season, say in all 42,000 bales, have paid profits of 25 per cent. a 75 per cent., against which have to be placed small losses on about 10,000 bales shipped during the first three months of the year, and more considerable loss on about 15,000 bales bought in September. Of the latest 7,000 bales, the result cannot yet be estimated, but it will probably be on the average a small loss.

The following table shows the business done during each month of the year, with the quotations for standard classes:—

1876	Quotation for Chop & Tsatlee.	Quotation for Blue Elephant.	Quotation for Common Tsatlee.	Exchange for 6 m/s Credits.	Stock on Ist.	Settlements during month.
					Bales.	Bales.
January 1st	360/390	315/320	270	5/8	7,000	4,800
February "	370/390	330	280	5/7	4,700	3,200
March "	360/390	340	295	5/4	2,700	2,400
April "	385/420	340	270	5/3½	2,000	2,100
May "	Nom.	Nom.	Nom.	5/5½	700	500
June "	400/415	365/360	290	5/3½	200	7,200
July "	465/485	415	320	5/3½	13,500	12,100
August "	490/535	460	380	5/7½	19,000	17,200
September "	590/610	560/565	470	5/8½	22,500	16,500
October "	750/770	710/715	570	5/3½	17,000	2,600
November "	Nom.	Nom.	Nom.	5/4	22,000	1,400
December "	"	"	"	5/7½	22,000	3,300
" 31st	580/610	550/560	480	5/8½	20,000	..

Green Tea. We have again to chronicle an unsatisfactory season's business in green tea. The reduced shipments to Great Britain of last season gave hopes that the London market would acquire the tone that it has long lacked, but so great was the want of vitality in it that the short shipments scarcely produced any change for the better. The same remarks apply even more strongly to the American markets, and lessened shipments to that country were powerless to prevent the New York market from following a downward course from the date of the first arrivals of produce to the very end of the season. Never, perhaps, was Green Tea so low as in America throughout the spring and summer of 1876, and this makes the early and hurried business of the season now passing away all the more extraordinary. In England, common sorts of teas touched a point far below the cost of production, and it seemed as if the anti-adulteration cry had really caused buyers to avoid purchasing this unpopular class and driven them to find a substitute in Oolong or Scented Teas.

The new Ping-suey Teas began to arrive on the 22nd June in small quantity, and purchases were made at Tls. 40 per picul, or several Taels higher than the previous season; a steady business continued to be done at gradually weakening prices, until the decline reached probably Tls. 3 per picul. The quality was preferable to that of the teas of 1875-76, the liquor being sweeter and the produce showing more care in its manipulation. A chop of new Taiping, and several parcels of local packed

produce also found purchasers. The business of this month and July was probably about evenly divided between American and English buyers.

During the latter part of July a considerable business continued to be transacted in Ping-sueys, principally for shipment to England, at gradually declining rates, until they touched a point about on a par with the quotations existing at the corresponding period of the previous season. One chop of Tienkai, Wo Hung by name, was settled at an exceedingly high price, Tls. 37, and the harm done to the market even by an insignificant quantity by this indiscreet action is scarcely to be over-estimated.

August was quiet until about the 23rd, the great advance in Exchange having reduced transactions to the narrowest limits, and almost the only business done was in Fychow, two or three chops of which were settled at Tls. 24 a 25. During this period of comparative inaction, Teamen continued firm holders, and demanded a price as high as Tls. 34 a 36 for their best Tienkais, which was one much beyond the ideas of buyers. Musters of Moyunes began to arrive, but few were shown on the market. In the last week of this month large purchases of Ping-sueys were made for the English market. The Teas were principally common and good medium kinds, and showed some decline on previous values. Concerning the quality of the New Tienkais and Moyunes, we can say little in their favor. It was thought and hoped that the bad results in the home markets (brought about in a great measure by the wretched quality almost from first to last of the Moyunes and Tienkais of the previous season), would have made themselves felt to the Tea Hongs, and from them to the producers, and brought about some improvement under this head.

We regret to state, however, that the lesson appears to have been very nearly thrown away upon the grasping native, for the produce of this season scarcely showed any improvement upon that of last. Indeed, some Moyunes bearing well known names were simply wretched in quality, and a disgrace to their makers. It is a matter of no wonder that, when such produce reaches America, buyers there universally condemn such manifestly "scamped" productions, and sigh for the honestly made Moyunes of twenty years back. The American trade is perfectly sound upon that point, and the lessened shipments of Foochow, Oolong, and Shanghai Green Tea year by year augur distinctly the practical extinction of the trade within a very few years, unless some great and unlooked-for improvement takes place in the manufacture of the article. In the early part of September a moderate business was transacted. Two chops of Tienkai were taken at Tls. 32½ to Tls. 33, and further transactions were afterwards reported in the same class at from Tls. 28 to Tls. 32. It was not until the middle or end of September, however, that business became pretty general, and a decline in the Tael price, in conjunction with a lower exchange, brought about this. The lowest cost purchases of the season were made during the middle of this month, and as the end approached Teamen became firm holders, and demanded and obtained an advance of fully two Taels on the earlier purchases. The *Bengal*, the first direct steamer for New York, cleared on the 19th Sept., at which date the *Glenartney*, for the same destination, was also reported fully engaged.

In October a large demand sprung up, apparently without any particular reason, and all country Teas advanced Tls. 1 a 2; later in the month an advancing exchange checked operations. Ping-sueys showed no improvement in value, and with full supplies of country Teas buyers continued to be rather afraid of them. Stocks at the end of October were much reduced. The *Glenartney* and *Teviot* cleared for New York on the 14th.

During the early portion of November the market was comparatively quiet, with few buyers, those being principally American operators. Teamen, however, continued very firm holders, and were industriously circulating reports of the shortness of the crop, which it is our misfortune to relate had a great influence on the operations of some of our buyers, who undoubtedly based their operations on a reduction in the supply so large, that on the face of past experience it is astounding such ideas should be held. In the last half of this month the market advanced considerably, and many purchases were made at an advance of Tls. 4 a 5 from the lowest point of the market in September. Ping-sueys advanced some 15 per cent. from the lowest level in September. At the end of the month, arrivals from the country were on a free scale, owing probably to the effect of the big advance in prices, which has scarcely yet failed to speedily increase supplies, from our experience of the China Tea trade. The *Glenfalloch* arrived on the 28th, to load for New York.

December was a quiet month. Exchange again advanced largely and checked operations, and advices from New York continued unsatisfactory. Still some business was transacted in the better kinds on offer, both for England and America, at Tls. 27 to 33. Teamen continued firm holders, as indeed they have been throughout almost the whole of the season. The *Glenfalloch* cleared on the 13th December, and our berth was left without a steamer for New York for the first time this season.

In January, prices declined Tls. 2, and a few country Teas were taken for England. An inquiry sprang up for local packed and common country Teas at Tls. 2 reduction. Supplies continued liberal, and stocks assumed large dimensions. At the end of the month and during the early portion of February, several new buyers appeared in the field. Business was interrupted by the Chinese New Year Holidays, but on their termination more desire was evinced to operate; but no change took place in prices. At the moment the stock is reduced to 45,000 half-chests, and natives now assert that the supply of true country Tea is about exhausted; so that we may expect as further arrivals only a trifling quantity of local packed and Ping-suey Teas to complete the yield of season 1876-77.

In England, prices have continued consistently low, except for parcels of good and choice gunpowder, which kind has never been in over supply throughout the year. Common Teas have shown lower prices than probably ever existed before, and have been a perfect drug. The course of the American market has been almost persistently downward, and the latest advices indicate the existence of a very low range of value. No doubt the depressed condition of the industries of the country has had much to do with the existing values, but the most important cause we hold to be the large shipments of Japan Tea, which, selling at very moderate prices, force Green Tea to a lower level than any yet known. The

sooner shippers realise this great fact the better for themselves. The Japan trade is growing rapidly. A few years back the export for the entire season amounted to only 8,000,000 lbs., whilst last year the figures assumed the large proportions of 25,000,000 lbs. The supply of Green Tea from China a few years ago, was as much as 32,500,000 lbs. This year it bids fair not to exceed 25,000,000 lbs., of which possibly nearly two-thirds will be shipped to America and the remainder to England. It will be thus seen that the one trade is a rapidly growing one, whilst the other is languishing, and has for years been a steady source of loss to those engaged in it.

Piece Goods. It is long since we have had to record a year which has been on the whole satisfactory to importers of textile fabrics. The position of most of these articles of import was favourable enough at the beginning of the year, and the results would probably have been much more satisfactory had it not been for a very powerful disturbing element—the violent fluctuations in Exchange. Importers speedily lost all confidence in the value of Silver, were afflicted with a mania for remitting at any rate which bankers might offer, with hardly an attempt to extort at least the laying down cost of silver remittances, when it was obvious enough even to the most careless observer that bullion was scarce and hardly procurable, besides being urgently needed. Instead of making sales on the customary terms for delivery, and waiting for an opportunity of availing of the urgent needs of the foreign banks, which have been for the most quite bare of silver, the general plan has been to press sales for cash, an operation that can, for the most part, be effected only at a sacrifice, and to hasten to secure bank drafts quite irrespective of the supply of covering remittances available to bankers. These latter, although absolutely without silver, or borrowing the metal from the native banks at exorbitant rates of interest, from $7\frac{1}{2}$ to 30 per cent. per annum, took advantage of this ill-judged eagerness to lay money down at very favourable rates compared with the concurrent quotations of Silver at home and the expenses of laying it down. In former times, the import of goods was regarded in a great measure as a means of laying down funds for the purchase of exports. Now, a number of banking institutions which bring but little capital into the country levy a tax upon the proceeds of imports, which are paid for by Chinese bank orders, which become available in payment for exports drawn against under documentary credits. The trade in imports is to a great extent dissociated from that in exports, and it is doubtless inevitable that it should be so generally; but in an exceptional state of things such as has prevailed in 1876, it is desirable that some discretion to remit in produce should be allowed. So far as China is concerned, Silver has not depreciated, as many remitters have found when purchasing articles of export other than Silk.

In fact, as far as imports are concerned, Silver may be considered to have been appreciated in value; the available supplies were inadequate to the wants of trade, and prices must have shrunk accordingly.

There can be little doubt that demand for consumption was much restricted by the scarcity of money in this place, which, it cannot be disputed, is the commercial metropolis of China. Nor can this scarcity be attributed entirely to the unusually large quantity of silver required to

pay for silk, because it commenced before the silk season opened, and at a time when it was supposed that the silk crop was likely to be rather short; as early as the 12th May we mentioned that native interest had been as high as one tael a thousand a day, or $36\frac{1}{2}$ per cent. per annum. Nor could it be attributable in any way to an entirely imaginary hoarding of the metallic resources of the trading classes, who, in fact, displayed their usual confidence in the security of property placed under foreign protection; since the monetary stringency we refer to recurred at intervals both before the fear of hostilities was seriously entertained and after the cause for apprehension was removed. It arose from the withdrawal of silver from this country by foreign banks, upon whom the Chinese had for many years depended for supplies of bullion and dollars to move the Silk and Tea crops. This stringency rendered the prudent Chinese loth to engage deeply in operations the profits on which were likely to be eaten up by such onerous charges for accommodation.

The extreme dearth of money which prevailed throughout the year affected prices unfavourably in another way, viz., by rendering it difficult and ruinous for importers to procure advances, and thus inducing a pressure to sell upon dull markets.

The drought in the northern provinces and the consequent famine have doubtless restricted the trade by diminishing the purchasing powers of these provinces. We find, nevertheless, that the total deliveries for the year show an increase as far as Grey goods are concerned; Fancy Cottons and Woollens show a slight falling off. The net result is a moderate increase in trade. The fear of hostilities between England and China did not have much effect upon the import trade; if it retarded business for a time, the settlement took place early enough not to interfere with the usual autumn demand.

If, in spite of these causes militating against the trade, a not unimportant increase in the volume of a portion of it has been witnessed, we may augur favourably for the future. We already hear of promise of favourable crops in the North, and we may expect that, when it is thoroughly understood in England that profitable employment is to be found for considerable quantities of capital, for which hardly any use appears to exist at home, we may fairly expect that capital to find its way here in the shape of silver. The opening of two new ports on the Yangtze to foreign traders, and six places of call to foreign steamers, will doubtless give a powerful impetus to all imported goods, by permitting them to be laid down in the neighbourhood of large areas of consumption, at a saving in freight, in time, and in avoidance of the restrictive barrier charges. The protest made by the Ministers of Germany and the United States against the imposition of *likin* tax upon goods of foreign origin, which may have paid import and transit duties, will doubtless aid in the same direction.

It is difficult to account for the continued falling off in the consumption of Woollens. As regards fancy goods, such as Crape Lustres, the suggestion may be hazarded that it is due to several years of cheap and abundant silk. The expansion of trade, which reached its culminating point some five years ago, was attributed to the dearth of silk. These fabrics are made in imitation of silk articles of attire. Although silk last

year reached a point never known before, and is still abnormally high, the rise in price has not had time to tell upon native consumption to any extent. Should the article continue as dear, a revival of the trade under notice may be looked for.

The margin between the best makes of Shirtings and those of inferior make has continued to widen. It is impossible for any one not in the secret to say whether or not the trade in dishonest Shirtings continues to pay the producers; it cannot be remunerative to anyone who buys at any quotations given at Manchester. In 1875, a difference of 36 canda-reens between the commonest 8½-lbs. Shirtings and the best, was the largest quoted. In our present retrospect, we find a divergence of 57½c., or about 3s. 6d. a-piece; on the inferior goods, besides, the import duty is equivalent to an *ad valorem* charge of 7 per cent., as against barely 5 upon the best.

Mildews have not been much complained of, except when unsuccessful speculators had to take delivery of their purchases; it then made its appearance.

The market has not been much indebted to speculation during the past year. As soon as the silkmen began to touch their profits, they made large speculative investments in Grey goods, and, after the conclusion of negotiations at Chefoo, a great burst took place in anticipation of the opening of the new River ports. The speculation has proved eminently disastrous. At the close of the year, a large speculative business was done in sympathy with the advance in the Liverpool Cotton Market; but, although some may have laid down goods on easier terms than may prevail when business is again in full swing, the influence on prices was not very important; it was counteracted, moreover, by a rise in sterling exchange.

Grey Shirtings.—Imports for the year amounted to 5,228,367 pieces, deliveries to 4,867,057 pieces, leaving stocks 1,097,800 against, in 1875, 4,289,047 pieces imported, 4,770,000, delivered, stocks, 736,000; thus showing that Manchester has more than fully tested the capacity of our market to take off her surplus production. The course of prices was as follows:—

	8½-lbs.		7-lbs.	
	T.m.c.	T.m.c.	T.m.c.	T.m.c.
1st January.....	1.5.7	to 1.9.0	1.3.0½	to 1.5.6
29th March	1.6.3	„ 2.0.0	1.4.4	„ 1.7.2½
30th June.....	1.4.0	„ 1.8.6	1.2.5	„ 1.6.3
4th October	1.4.0	„ 1.9.7½	1.1.5	„ 1.5.5
31st December.....	1.2.7½	„ 1.8.5	1.0.5	„ 1.5.5

imports having reached on the respective dates, 541,000—1,868,513—3,439,089—5,228,367; deliveries, 840,522—2,117,582—3,526,933—4,867,057; stocks being estimated at 441,000—487,400—648,700; 1,097,800—(commencing, of course, at March.) 6-lbs. cloth was quoted in January at Tls. 1.1.5 a Tls. 1.2.8, rose in value in March to Tls. 1.2.8 a Tls. 1.4.0, but declined again to Tl. 0.9.5 a Tls. 1.1.0 at the end of the year. Tls. 2.0.2½ appears to be the highest price touched during the year for 8½-lbs., for a favourite ticket on Dewhurst's Eagles. But a moderate business was done in Heavy Shirtings; prices at the beginning of the

year were Tls. 2.0.0 for 9 lbs. to Tls. 2.6.0 for Dewhurst's Best 10 lbs., rose to Tls. 2.2.0 a Tls. 2.8.5 in March, and sank at the close of the year to Tls. 1.8.0 a Tls. 2.4.5.

T-Cloths.—A slight increase over 1875 in deliveries has to be noted, the total being 2,748,897 against 2,620,000 in the previous year. Imports were 2,820,688 against 2,790,274 in 1875; stocks, 31st December, 1876, 841,200 against 779,530 in 1875. Prices have followed the course of Shirtings, but the rise was not so marked, and the fall has been more so; quotations showing a decline of about 20 per cent. during the whole year, and about 30 from the highest point; with the exception of best 8-lbs. cloth, in which the depreciation is much less.

White Shirtings have been in steady demand, total deliveries being nearly the same as last year—viz., 612,069 pieces, against 621,000, in 1875; imports having been 619,702, stocks have naturally hardly varied, being now 128,800 pieces. This steadiness in demand, however, has been accompanied, and perhaps maintained, by an important fall in prices, amounting to about ten per cent. since the beginning of the year. As Grey goods were quoted in Manchester about the same at the latter period as the former, whilst exchange is only about one per cent. in favour of remitters, the article would appear to be in an unfavourable position, and an exhibition of firmness on the part of holders seems called for. About half of the deliveries go to Tientsin, and the famine in the North has doubtless told against results of shipments thither, although it has not against their bulk. Prices for 64-Reed were at the commencement of the year Tls. 1.8.5 a Tls. 2.0.0, rose to Tls. 1.8.5 a Tls. 2.0.5, and declined to Tls. 1.5.5 a Tls. 1.8.0, the closing and lowest quotation.

Drillings.—A very large increase in imports and deliveries, amounting to about 50 per cent., is to be noted in Drills. The American fabric has again taken a very large share in the trade. It is not supposed that the results are remunerative, but it is well known that the production, stimulated by protection, of cotton mills in the United States is too great for home consumption, and markets have to be found elsewhere. To such considerations, rather than to satisfactory account sales, may be attributed the large quantity of American Drills and Sheetings now appearing on this market. In these goods, as in all other cotton fabrics, the difficulty in China is not to do a large trade, but a profitable one. If the goods are sent here, they can usually be sold—at a price.

Deliveries of all kinds were 1,297,890 pieces, against 741,941 in 1875, imports 1,171,207 against 716; whilst stocks are 152,500 against 289,187 in 1875. The course of prices has been as follows:—

	1st Jan., 1876.	31st Dec., 1876.
	T.m.c.	T.m.c. T.m.c. T.m.c.
American 15-lbs.....	3.0.0	nom. 2.7.0 to 2.9.0
English 14 a 15-lbs.....	2.1.8	to 2.3.5 1.8.0 to 2.0.0
„ fine to finest.....	2.4.0	„ 2.8.0
Dutch 13 a 14½-lbs.....	2.3.5	„ 2.4.5 2.0.0 to 2.2.0
	Highest.	Lowest.
American.....	3.1.0	to 3.2.0 2.6.5 to 2.7.0
English.....	2.1.8	„ 2.3.5 1.8.0 „ 2.0.0
„ fine to finest.....	2.4.0	„ 2.8.0 2.2.5 „ 2.4.0
Dutch.....	2.3.5	„ 2.4.8 2.0.0 „ 2.2.0

showing a decline all round of 15 to 20 per cent. Of the increase in deliveries, 160,000 pieces are due to shipments to Newchwang, and 187,000 to Tientsin.

Jeans.—Deliveries have declined in 1876 to 324,757 pieces, from 346,626 in 1875. Imports have been 247,596, leaving stocks at 23,800. Prices have declined from Tls. 2.1.0 a Tls. 2.2.0, to Tls. 2.0.0 a Tls. 2.1.0 for Dutch; but have varied from Tls. 1.5.8 a Tls. 1.8.0 to Tls. 1.5.0 a Tls. 2.0.5 for English—rates for the latter having fallen as low as Tls. 1.3.8 a Tls. 1.8.0 in July.

Sheetings.—Deliveries were 148,515 in 1876, against 103,000 in 1875; imports fell to 115,320, against 152,000, leaving stocks at 27,800. Quotations for *American* opened Tls. 3.2.0 a Tls. 3.2.5, advanced 5 candareens, and then steadily declined to Tls. 2.7.5 a Tls. 2.8.5. *English* opened at Tls. 2.4.5 a Tls. 2.6.0, receded to Tls. 2.1.0 a Tls. 2.2.0, rallied to Tls. 2.1.0 a Tls. 2.4.5 in the autumn, and closed at Tls. 2.1.0 a Tls. 2.3.0.

Fancy Cottons.—Deliveries were as follows:—

	In 1876	against in 1875.
Dyed Shirtings	37,100	51,000
Spots and Brocades	51,700	77,700
Damasks, Dyed	14,000	16,500
Chintzes	162,700	174,700
Turkey Red Shirtings.....	94,000	97,000
Velvets	61,500	52,600
Velveteens	11,900	15,700
Handkerchiefs	208,800	211,000
Muslins	58,700	31,000
Dimities	11,900	14,500

showing a slight falling off in most articles; Velvets, Velveteens and Muslins being the exception, and they exhibit a fair increase. Stocks of all these goods are reduced to a very small compass indeed. Quotations were for:

	29th Dec., 1875.	30th Dec., 1876.
Handkerchiefs—Blue.....	0.4.8	a 0.5.2 0.5.0 a 0.5.8
Brown.....	0.4.0	„ 0.4.0 „ 0.4.2
Wh. Spot Shirtings.....	2.1.0	„ 2.2.3 1.9.0 „ 2.0.0
Dyed do.	2.5.0	„ 2.6.0 2.2.0 „ 2.3.0
White Brocades	2.1.0	„ 1.8.0 „ 2.0.0
Dyed do.	2.5.5	„ 2.6.5 2.3.0 „ 2.5.0
Dyed Damasks.....	4.0.0	„ 4.5.0 3.6.0 „ 4.4.0
Gentian Shirtings	2.2.0	„ 2.2.5 1.8.5 „ 2.2.0
Chintzes—Assorted	1.3.0	„ 1.4.5 1.1.5 „ 1.3.0
Blue	1.2.0	„ 1.2.5 1.0.0 „ 1.2.0
Brown	1.5.0	„ 1.6.0 1.5.0 „ 1.6.0
Scarlet	1.3.0	„ 1.4.5 1.2.5 „ 1.4.0
Printed Twills—24 a 25 yards	1.9.0	„ 2.2.0 1.8.0 „ 2.2.0
50 a 52 „	4.0.0	„ 4.4.0 3.6.0 „ 4.2.0
Best .....	.....	„ 4.2.0 „ 4.7.5
Turkey Reds—2½ a 3-lbs	1.6.0	„ 2.1.5 1.0.0 „ 2.0.0
Do. best	2.3.0	„ 2.3.5 2.2.0 „ 2.6.5
Velvets—Black 22 in.	0.1.6½	„ 0.1.9½ 0.1.6 „ 0.1.8
Velveteens—Black 18 in.	0.1.2	„ 0.1.5 0.1.1 „ 0.1.2½
26 in.	0.1.9	„ 0.2.1½ „ „
Blue Denims	0.0.4	„ 0.0.5 0.0.4 „ 0.0.4½
Dimities, 37 in.....	1.2.0	„ 1.3.0 1.3.0 „ 1.4.0
41 in.....	1.4.0	„ 1.5.0 1.4.0 „ 1.5.0
Muslins.....	0.8.0	„ 0.8.5 0.6.0 „ 0.7.2½

Woollens.—The trade in these goods continues to dwindle away; and an increasing share of it falls into the hands of the auctioneers. These enterprising merchants sold of the following goods in 1876 :—

	Pieces.	Bearing a proportion to total deliveries of in 1876 against in 1875.	
Camlets	44,690	56 %	46.3 %
Long Ells	23,920	26 ,,	33.3 ,,
Spanish Stripes.....	32,772	53 ,,	44.2 ,,
Lastings	3,740	8.79 ,,	17.4 ,,

In proportion to the total deliveries of these kinds, the auction sales this year were 38 per cent. all round, against 33 per cent. in 1875. An increasing quantity of Cotton Goods are sold in the same way, notably Grey Shirtings, of which 566,150 pieces were knocked down, being a proportion to total deliveries of 11.63 per cent. against 6.9 per cent. the previous year.

Deliveries for the year have been of

	Pieces.	Against in 1875.
Spanish Stripes.....	97,937	89,000
Brd. and Md.		
Cloths		
Camlets	80,299	92,400
Long Ells.....	91,520	90,000
Lastings	42,558	47,000
Lustres, Pln. & Fig.	167,107	212,000

Showing an increase of the most trifling description in Long Ells, and one of about 9 per cent. on Cloth, which may be attributed chiefly to an increase of the German article, which is mostly a mixture of Cotton and Wool. The decline in this trade is probably to be accounted for by cheapness and abundance of the raw material here. Wool of different descriptions is now being exported to England from the North of China, which indicates that it is cheaper here than there. Prices show a decline upon the whole during the period under review. They were on

	1st Jan., 1876.		30th Dec., 1876.	
Camlets	Tls.	12.5.0	α 13.5.0	12.2.5 α 13.0.5
Md. and Bd. Cloths	„	0.7.5	α 1.6.5	0.7.0 α 1.4.0
Sp. Stripes.....	„	0.5.6½	α 0.5.7½	0.5.2 α 0.5.8
Long Ells Scrlt. C.P.H	„	7.3.0		6.8.0
Do. Assorted	„	7.1.0		6.8.0 α 7.2.0
Lastings	„	10.0.0	α 12.0.0	8.7.0 α 12.2.0
Crape Lastings.....	„	4.8.0	α 9.0.0	4.0.0 α 8.0.0
Orleans, Fig	„	2.8.0	α 4.5.0	2.5.0 α 3.5.0
Crape Lustres	„	3.4.0	α 3.9.0	3.0.0 α 3.5.0

Stocks are reduced to a very small compass indeed; it is useless to give any figures; the Chamber of Commerce stocks are not an absolutely trustworthy guide to them, because it is known that large quantities of goods are held by Chinese under their own control, and are not included. On the other hand, so many tricks have been played in the matter, that we are not much inclined to take it as an absolute fact that there are 10,000 pieces of Figured Orleans in stock, when statistics require none at all.

1877

Piece Goods. A few words upon the Chefoo Convention in its bearing upon the commercial relations of foreigners with China will not be out of place by way of introduction to this Retrospect; the more so because our remarks will be a narration of facts rather than a disquisition or dissertation upon the wisdom which framed the Convention, or upon its suitability to foreign wants.

The points of the Convention that more immediately affect foreign manufactures are—

First.—The opening of sundry ports on the great River Yangtze and elsewhere on the coast of China.

Second.—The tax *lekin* and its abolition; and

Third.—The Inland Transit question and its adjustment.

The foreign merchant has waited long and patiently for the attainment of these objects. In his opinion they are essential alike for the successful development of his trade with China, and for the amelioration of the Chinese people themselves; and now that their importance has been acknowledged, and the acknowledgment has received embodiment in Treaty documents, it will rest with the future to determine whether the results are to equal expectations.

The ports that claim Shanghai as their fountain-head, or distributing centre, are, primarily, Wênchow in Chekiang, and Wu-hu in An-hwei; and, subsidiarily—through Hankow—Ichang, in Hupeh, which last place has now, though almost in name only, displaced Hankow as the terminal point for the foreign navigation of the Yangtze.

The opening of these places, thus far, has not been productive of much benefit to any one. Still, in the opinion of the Committee of the Shanghai General Chamber of Commerce, that achievement should be accepted as a step in the right direction, forming as it does “the one valuable stipulation in the whole Convention,” for, “instead of assuming that foreign intercourse with China is an evil that requires to be guarded against,” H.B.M.’s Government, through “the Convention, has virtually acknowledged that it is a good which requires to be cultivated,” and this same acknowledgment has been hailed by most commercial men connected with China with the liveliest feeling of satisfaction.

Second on the list comes *lekin*, the most convenient and most expansive of all Chinese taxes. It is leviable at all times and under every conceivable pretence. In one form or another it is well-nigh universal in the land. Ostensibly it is made to do duty “for the support of troops (or

for other state purposes)"—*sic.*, but, in reality, only an infinitesimal portion of it filtrates into the Imperial Treasury, or goes beyond the Provincial Exchequers. It takes cognizance of every article of commerce, and it is the creation of the mandarins, whose only curb in the extent of its imposition is the proverbial "last straw that breaks the camel's back." It is said to be burdensome and oppressive upon the natives; and the foreign trader regards it as one of the main obstacles to the free and remunerative circulation of his wares in and throughout the Empire. Therefore, the abolition of the tax is imperative; and the question arises, Has the Convention accomplished that end? The Shanghai General Chamber of Commerce, and the majority of commercial men located in and connected with China, say, emphatically, no! and they complain that the tax is recognised, and so legalized, by the Convention, and that such recognition and legalisation abrogate both the spirit and the letter of the Treaty of Tientsin, which provides that the payment of the Transit Dues shall exempt foreign manufactures *from all further inland charges whatever.*

We fear that if the British Minister, while negotiating the Convention, aimed at clearing the Elgin Treaty of the mists that envelope the wording of this vexed question, he has simply made "confusion worse confounded." Or, if he thought he was securing the abolition of *lekin* upon foreign imports, he will, if he live long enough and watch his work, find he has been given over to the spirit of delusion.

In Shanghai—*i.e.*, the native city and suburbs—the collection of *lekin* on foreign manufactures is at present in a state of abeyance, and abeyance only. We write advisedly, for Feng Taotai, in his proclamation of February last, said most distinctly, "But this immunity from taxation applies to foreign goods only *while in the foreign settlements,*" and his successor in office, when taking over the seals a few months later, plainly shewed by his proceedings that he claimed the tax as his right, but that in clemency (forced from him, however, by the dealers as a similar act of clemency was forced from Feng) he forebore to collect it. Here is Feng's proclamation:—

"All foreign goods imported into the foreign Settlements of Shanghai, and sold to native merchants, have hitherto been subject to *lekin* duties for the support of troops (or other State purposes); but now dispatches have been received from the Tsung-li Yamên announcing His Imperial Majesty's gracious assent to an arrangement in virtue of which, from the first day of the third year of Kuang Su, all *bond fide* imports of foreign origin—with the exception of opium—may be sold in the foreign Settlements of Shanghai without paying *lekin* taxes. In addition, therefore, to the instructions given to the heads of the *lekin* tax office, this proclamation is jointly issued by us, in order that, from the day when the change takes place, all merchants may order themselves accordingly. But this immunity from taxation applies to foreign goods only (opium excepted) while in the foreign Settlements. Opium, native produce and foreign goods being sent into the interior for sale, which have not paid the regular import duties, cannot be exempted. These will all be subjected to *lekin* taxation, exactly as before. Let no misunderstanding arise," &c.

Unfortunately for Fêng, a misunderstanding—or, if he likes it better, a difference, between him and the native dealers in foreign goods inside the city of Shanghai and outside immediately under its walls—did arise; the misunderstanding having its origin in his rendering the word

“interior” as meaning anywhere beyond the boundaries of those Settlements, and in the clause “but this immunity from taxation applies to “foreign goods only while in the foreign Settlements;” and they threatened to migrate in a body to the more favored Settlements if they were not put upon a footing of equality as regards taxation—*lekin* or otherwise—with their brethren already domiciled herein. Nor was their threat ineffectual. Fêng had to make a virtue of necessity. He consented to the admission of foreign manufactures into the city and its suburbs, free from any charge for *lekin*.

At Wênchow, however, where public opinion is less pronounced, *lekin* is a plant of extraordinary luxuriance. There the Collectors bask in the sunshine of prosperity and power. They permeate everywhere. Nothing escapes them. The treaty-protected establishment of the foreigner is scarcely safe from their visits; and his trade, which was giving forth fair signs of promise, has been strangled.

And at Newchwang, the *lekin* proclivities of the authorities have lately shewn signs of a vigorous life. Moreover, they are so comprehensive there that “neither natives nor foreigners can evade the impost.” With manufactures, therefore, the only method to “induce sales is to guarantee “the extra squeeze.” *

From Wuhu we have not received any complaint, because, perhaps, there is as yet no “special” correspondent located there to chronicle passing events; and, for a length of time past, the other Outports have been dumb on the subject of *lekin*, possibly from a feeling that their grievances were not more likely to be attended to under the Convention than they were before. But, doubtless, the officials of other districts cling as fondly to their perquisites as do those at the stations named above, and, if the collection of these in the old-fashioned way is denied them, there are other means within their reach, whereby they not only silence public outcry, but make things minister to their needs.

In evidence whereof let us examine

Third, the Inland Transit system, the adjustment of which is supposed to be fixed by the Convention. Hitherto, the utmost that can be said of the clause dealing with Inland Taxation is, that it operates as a check upon the rapacity of the local officials. Nothing more. The Mandarins quietly evade the foreign arrangement, and in this they carry with them the consent or approval of the native merchants. But these latter need not be taken into consideration in connection with the working of the Treaty, since they invariably, and most naturally, favor most the system which most favors them, and this the evasion undoubtedly does. Take, for instance, the trade between Shanghai and Soochow. There is an agreement (so merchants say, and they ought to know) between the dealers and the Soochow tax farmer, whereby the sum of Taels 13,000 per annum is guaranteed to him. That is shared by him with his fellow in Shanghai; and if the receipts for inland taxation—based upon the following tariff—exceed that amount, the surplus is to be returned annually, *pro rata*, to the various contributors, of whom and of whose contributions an accurate account is



kept by an officer appointed for the purpose. The tariff may thus be summarised:—

	<i>T. m. c.</i>
<i>Shirtings—Grey and White, Drills, Jeans, and 36-in. T-Cloths</i>	0 0 5 per pca.
<i>T-Cloths—32 in., Chintzes and T. Red Cambrics</i>	0 0 4 „
<i>Shirtings—Dyed, Spots and Brocades</i>	0 0 6 „
<i>Velvets and Velveteens</i>	0 1 3 „
<i>Spanish Stripes</i>	0 3 3 „
<i>Medium and Broad Cloths</i>	0 4 3 „
<i>Lastings (Woollen)</i>	0 1 5 „
<i>Lustres, of all kinds</i>	0 1 0 „
<i>Camlets</i>	0 3 5 „
<i>Long Ells</i>	0 1 4 „

of Soochow currency, which is at a premium of 2 per cent. upon the currency of Shanghai. Some of these charges exceed the half import duty fixed by the Treaty and the Convention, but all become modified when taken in connection with the return of surplus above-mentioned. Moreover, in cases where no commutation obtains, such as hence to Kiahing, Hoochow, Hangchow, &c., the Taotai at Shanghai, through his own office, issues *Transit Passes* on Treaty terms (half import duty, which he appropriates and probably shares with the various officials in the interior) that are just as effectual, and far better respected at the barriers than are those which bear the seal of the Foreign Custom House; and thus the local official triumphs, fills his own coffers, and wins golden opinions from his countrymen. And if such things are done under our own eyes, is it unreasonable to conclude that the same system of evasion is successfully practised elsewhere? Nor can such arrangements any longer be objected to as detrimental to foreign trade, inasmuch as they press more lightly thereon than has any other plan yet devised, or likely to exist under the present fiscal constitution of China;—and before any radical change in that takes place, China must pass through seas of trouble, trouble that will shake the foundations of her Empire. The cry of the foreigner has ever been directed against the Mandarins, their insatiable greed, and their pig-headed obstructiveness;—but has it ever occurred to him that those worthies have, all along, been struggling for only that which by right of purchase belongs to them—the inland taxes of their respective jurisdictions—and of which the centralisation or Treaty scheme directly robs them? And is it surprising that they should continue inimical to a system which threatens their ruin? Many years ago, when reviewing the foreign Piece Goods trade of Shanghai, we wrote that any system of inland taxation—no matter how wise or light it might be—that excludes the local and provincial authorities from receiving and sharing its revenues, would not prosper; and everything that has happened since then has gone to confirm our opinion. “Indeed, the “provincial authorities are recognising the necessity, if they would retain “the control of this portion of the revenue, of reducing their local “imposts to about the level of the Treaty Transit Due; for where this is “the case the merchant prefers to pay the slightly higher *lekin* in order “to avoid petty annoyances and delays to which the Barrier Officials, “exasperated on finding the dues already paid, can always contrive to



“subject goods covered by Transit certificate.”* And here we have one of the greatest advantages that has yet resulted from the Transit Due Clause.

There are differences amongst men, both at home and in China, as to the advisability of ratifying the Chefoo Convention. The “unco guid,” the humanitarian class, those blind leaders of the blind at home, and the Chinese authorities, desire ratification because in the bearing of the Convention upon the Opium question the former fancy they have found the long-deferred “justice to China;” and the Chinese wish it because the Treaty works in their favour. But the ordinary mortal, the commercial man—the man who best knows and understands the Chinese as a people, and, moreover, the man whom the Chinese prefer—objects because of the incompleteness and hollowness of the Treaty; because, with the exception of the opening of the new ports, it not only does not give him any additional advantage but does not even strengthen his previous rights; because it provides no security that the Chinese will carry out its stipulations more faithfully than they have done those of former Treaties; because its provisions will be evaded, overruled, and ignored in the future, as similar ones have been in the past; and because the fear of non-ratification and possible rejection by H.B.M.’s Government will exercise a wholesome influence in forcing the Chinese to observe their engagements.

The representatives, at Peking, of other foreign powers are said to have discovered the defects of the Chefoo Convention, and refused to accept it as fundamental or absolute in what concerns their nationals in China. Be that as it may, it is generally concluded among commercial men that there is no pressing necessity for immediate ratification, since the Convention, viewed from a commercial standpoint, in no way influences or interferes with the operation of its prototypes the Nanking and Elgin Treaties, and that in its attempts to improve thereon it must be pronounced a failure.

We turn from the Convention to a much sadder event, to one that comes home more closely to the foreigner, as well on the score of his humanity, as on that of his business, viz:—The Famine.—There is no necessity, here, for enlargement upon its attendant distress and horrors. Those have been from time to time graphically portrayed in the columns of the local press by those self-denying men who, braving hardship, privation, and danger, carried comfort and sustenance to the suffering, starving, dying thousands of Shantung and Chihli, last winter and spring. The effects of the famine upon foreign commerce are what more immediately concern this paper, and these, in the past, have been an extremely depressed market, a marked decrease in the off-take of our manufactures, a steady accumulation of stocks, and heavy losses to the importer. And in the future? Well, it is impossible to predict the consequences, but there are many who look forward with great misgivings. During the first half of 1877 the hopes of merchants were sustained by Nature’s promise of abundant harvests, but that promise has been realised in part only, and in isolated districts. In Shansi, one of our mainstays, in Honan, Shantung, Chihli, and the North-western provinces,

* *Trade Report* 1876, p. 89.



things have gone from bad to worse. Even the bark of trees, grass and roots have all been consumed; and it is said that in Shantung the oxen, mules, &c., are now, as a last resort, being killed for food. It is true that, lately, Rice has been piled up at Tientsin awaiting transmission to the stricken districts; but its cost when it reaches them will be so high that few will be able to buy it, for the funds of the people have been already used up, their furniture, houses and lands, their valuables, their very clothing, have been parted with in exchange for the staff of life. And—the winter over and the heavens more propitious—what hope is there left to the husbandman? His money gone, and nothing left to buy the wherewithal to sow his fields! As these and kindred facts became better known, and more deeply impressed on the minds of our native traders, so did they contract their operations here until, within a month or so of the close of the Northern season, their purchases dwindled into the minuteness of an ordinary retail business.

And as if these troubles were not enough there has, in some of the middle and northern provinces, been a Locust plague working destruction upon the growing crops, and further impoverishing the people to the detriment of foreign trade; and there has been the Satsuma rebellion in Japan, which has made its influence felt on this market. In short, Famine, Locusts, Rebellion, and many other occurrences of a minor character have conspired to produce the unsatisfactory position in which most importers and holders of foreign imports have been floundering during the last Summer and Autumn and what has already gone of Winter.

Most importers and holders, seeing a safety valve in Public Auctions, have steadily followed that system of selling, and, as subsequent events have proved, they have had no cause to repent their action. Such sellers have generally commanded current market rates; and theirs have been the additional advantages of speedy and regular clearances, the avoidance of that wearisome waiting for a demand which has been the experience of their more conservative brethren, manageable stocks, and results far more satisfactory than could have been obtained by holding for a market. At the close of 1876, the auctions managed to get the dealers in Cotton goods (*Grey Shirts*) into their toils, and they held them firmly there until well into the opening of the northern season last spring, compelling them to buy and to "bull" the market generally. Consequently they (the dealers) had reason for inveighing against the auction system, and they did so in no unmeasured or uncertain terms. But neither their complainings nor the continual abuse that has been heaped upon the sellers has shaken these in their determination to go on with the auctions, and it is worthy of note that the supporters of the practice are increasing in number; not from choice, however, but by the force of circumstances which has compelled them to resort to auctioning when all other means of getting out of their difficulties had failed them. The following is a comparative memo. of what has been done here in auction and privately during 1877, and in calling attention to it we would premise that for the first five months of the year no record was kept of the quantity of damaged goods sold by public auction, nor of many little lots such as have latterly been classed under the heading "Miscellaneous"; also,

that the total Re-exports, or deliveries, embrace a very considerable quantity of goods not sold on this market, but shipped by the original importers to other places for sale. Thus they do not fairly represent the business actually done in Shanghai, and as compared against them, the percentage of auction sales, as indicated, is within the facts :—

	Sale by Auction.	Against total Deliveries for year 1877.
<i>Grey Shirtings</i>	Pces. 1,100,000.....	4,380,000
<i>White Shirtings</i>	64,000.....	578,000
<i>T. Cloths</i>	215,000.....	2,300,000
<i>Drills, all kinds</i>	92,000.....	947,000
<i>Jeans, „</i>	62,000.....	268,000
<i>Sheetings, „</i>	20,000.....	255,000
<i>Velvets</i>	13,000.....	62,000
<i>Turkey Red Cambrics</i>	33,000.....	132,000
<i>Handkerchiefs</i>	Doz. 56,000.....	267,000
<i>Camlets</i>	Pces. 66,500.....	88,300
<i>Long Ells</i>	29,500.....	96,600
<i>Lastings</i>	9,000.....	45,900
<i>Spanish Stripes</i>	23,400.....	46,700

The above by no means exhausts the category of articles that have succumbed to the auctioneer's hammer. It may, however, be accepted as sufficient to demonstrate the importance of a movement which is now unquestionably entitled to rank as one of the controlling influences of our market, but whether for good or for evil is a point on which probably Importers will never agree.

Having noticed some of the more prominent events or occurrences that are credited with the general disturbance of our Piece Goods trade, we proceed now to examine briefly certain causes,—the characteristics of particular descriptions of Lancashire Cotton fabrics, which have been and which continue to be attended with special losses to their owners. Chief amongst these are *adulteration, oil and tar damage, fungi*—all classed here under the one title, MILDEW. This, apparently, is an incurable evil, at least such is the conclusion forced upon merchants in China from the habitual disregard of their claims for compensation by their representatives and friends at home. There is evidently something in the atmosphere between China and Manchester, or in Manchester itself, which turns black into white; in contradistinction to that other something in the atmosphere between Manchester and China, or in China itself, which converts white into black; and many there are amongst us, recently arrived from Lancashire, who are utterly at sea as to the process of conversion. Bales of goods, so damaged—mildewed—*ex* rejections by our dealers—certificated by competent, responsible men, have been returned to England, and yet when opened up for inspection in Manchester there has not been any sign or trace of damage found in their contents. Such is the report, accompanied by the remark:—“sorry to say there is very little chance of recovering anything,” which comes back to the complainer; and this he is forced to accept as full compensation for the losses he sustains. It is a puzzling business entirely, utterly beyond the comprehension of most men out here; and hence they are looking forward with no little interest to the issue of the cause “*Provand v. Langton*” which is now before the Law Courts of Westminster. That action had its origin in a parcel of low quality 8½-lbs. *Grey Shirtings* which, when

offered upon this market in the spring and summer of 1876, was refused by the dealers because of the *discoloration* or *red mildew* that appeared in the cloth. Now this *red mildew* has been unusually prevalent here during the last season, and it has been very heavily discounted by the natives, who say that its oils or producing elements prevent the cloth from taking on their vegetable dyes so readily and evenly as do ordinary sea damages, or even as do goods that are slightly tainted with mildew fungus proper. That may or may not be true, but we have the authority of the Customs "Reports on Trade in the Treaty Ports in China for the year 1876" for saying that there is a growing preference amongst the natives for their own cloths, and, to quote the words of the Acting Statistical Secretary, Mr. Hippisley, "this preference has, undoubtedly, been increased, to no inconsiderable degree, by the distrust entertained regarding foreign cloths which has been engendered by the wholesale adulteration of these productions on the part of the Manchester manufacturers."

But while condemning the vicious practices of the home folks we should listen to the plea they have to urge in their justification. We should not ignore the fact that it has paid them better to adulterate than to be honest. In other words, filled stuffs, because of their comparative cheapness, have until quite recently been preferred by the Chinese and Japanese, with whom honest cloths have been altogether at a discount. The American manufacturers, who—and to their everlasting honor be it spoken—have steadily set their faces against extra sizing, adulteration, and those, to us unknown, chemical adjuncts that promote weight, mildew, &c. can in their own experience testify to the truth of this. Their trade with China has lately expanded in a wonderful manner, but it has not by any means been a profitable business, and those engaged in it have received but a small modicum of encouragement to carry it on; unless, indeed, inducement be found in the facts that the output of the American mills is overrunning home consumption, and that the markets of Northern China offer a readier sale and better terms for a portion of the surplus, than do their other dependencies. In this matter of adulteration, therefore, the Chinese are not altogether blameless. It is impossible to say what might have been, had the natives never been treated to *filled* goods; but such manufactures did come, and the taste for them was created; hence the origin of the evil, and its continuance. The great injustice in the business is that innocent importers in China, and innocent owners wheresoever situated outside the Manchester warehouses, should be saddled with the whole loss, and that redress should be so obstinately denied to them. Consequently the thanks of all such have been earned by Mr. Provand for the resolute stand he has made, which—if it do nothing more—will probably determine once for all who has to bear the loss, and will enlighten us on many points connected with the process of *doctoring* on which we have hitherto been in "outer darkness."

On the 20th April, 1877, attention was directed in *The Shanghai Trade Report* to the expansion of the American soft goods trade with North China, and to the importation by the Americans of a new fabric—termed *Continental Sheetings*—bearing a close resemblance to English made *Heavy Shirtings*. Upon their own terms the Chinese took

kindly to the novelty, and upon these same terms they have continued buying, and still are open to purchase freely of it. But, curiously enough, the prices current here for it, as well as for the established American staples, and for the purer makes of their English congeners, have seldom been remunerative; and as no charge of adulteration or of inferiority to the native products has ever been urged against these, it would be both interesting and instructive to learn why the results to the importing merchants have been so discouraging. Mr. Hippisley propounds a theory that it may be owing to the increase of the population, to the recovery to cultivation of large tracts of land in lower Kiangsu which were devastated by the Taiping rebellion, and to the more widely spread growth of the Cotton plant consequent on the pacification of the province; all combining, as he implies, to increase the production of native cottons and to reduce their value, so that it is by far more economical for the comfortable middle classes to clothe themselves in their own manufacture which, he says, is "coarser, more durable, and warmer than its foreign rival, while "the demand for the foreign fabric is restricted to the impecunious who "cannot afford to purchase the, at the outset more costly, but in the long "run less expensive native cloth, and to the wealthy who are able and "willing to pay highly for a fabric less durable but of more delicate "texture for under clothing." It would have been desirable if Mr. Hippisley had supplemented his hypothesis by the data or information on which he grounds it (for doubtless some such was in his possession at the time he wrote), but he does not offer anything to show that the native industry is displacing the consumption of honest cloth in China, and in the absence of such evidence we invite attention to the following figures, which go to prove the opposite view of the case. At all events they establish the fact that the American trade in soft goods in this country is not declining :—

AMERICAN DOMESTICS.

IMPORTS—in round numbers.	1874.	1875.	1876.	1877.
<i>Drills</i> * Bales 2,630		6,801	9,952	19,612
<i>Sheetings</i> (and Continentals)...† „ 1,135		2,900	4,265	14,461
<i>Jeans</i>† „ ...		100	360	2,597
OFFTAKE—in round numbers.	1874.	1875.	1876.	1877.
<i>Drills</i> * Bales 2,007		3,475	13,534	14,515
<i>Sheetings</i> (and Continentals)...† „ 1,135		2,057	4,766	8,454
<i>Jeans</i>† „ ...		100	360	1,253

Moreover, we are assured by Chinese themselves that their production now falls far short of what it was, and that present values—which are lower by from 17 to 20 % than they were some years since—are unprofitable to the producers; that the extra production was called into being by a demand from foreign countries,—England principally—and that the decline in value dates from the cessation of that demand. If this be true, Mr.

* 15 pieces to each bale. † 20 pieces to each bale.

Hippisley's theory falls to the ground, and we are as far as ever from the solution of the mystery which enshrouds our import trade in Piece Goods.

It must, however, be very gratifying to the American people to find that, notwithstanding the unsatisfactoriness of their trade pecuniarily, the outlet for their Domestic in China is extending so rapidly—to find that, in spite of famine, taxation, and the many other obstructions against which foreigners in this country have to contend, the ofttake by China of their manufactures is increasing, while the consumption of China's own productions, and of others of the same genus—the products of English industry—is falling off. After all, may it not be found that honesty is the best policy, and that a perseverance in their past and present course of action may yet land the Americans on the safe side of values also?

Sterling Exchange has not seriously affected the action of Piece Goods importers during 1877. The excitement prevailing and the high rates current at the close of 1876 continued, but with a slackening and downward tendency, until the beginning of March; after which and throughout the year the fluctuations between 5s. 6d. and 5s. 4d. per Tael for Bank Draft at 6 months' sight on London were very trifling. At the same time, what between the outbreak of the Russo-Turkish war, the uncertain condition of French politics, and the, in a great measure, consequent depression in our Silk market, the Indian Famine and Exchanges, etc., people were often very anxious; and their anxiety occasionally resulted in sales which certainly had an air of foolishness about them at the time, and which, not infrequently, were received in anything but a contented spirit at home. Read by the light of subsequent events, however, the sales were seldom far wrong; and the bewildered, timid China merchant, whom the retrogressive course of the market, and sometimes of exchange, had set upon the highest pinnacle of indifference, was enabled to smile at the ravings of his disappointed constituents.

One word more! How has it fared with the native traders in Piece Goods during 1877? To this question the answer is, not very well. It has not been all plain sailing with them any more than it has been with the foreign merchants. At the beginning of the year, being filled to overflowing with goods—8½-lb. *Grey Shirtings* principally—forced upon them by the auctions, they sustained heavy losses through untoward markets and depreciation by mildew; and in their subsequent efforts to recoup themselves they were not invariably successful, notwithstanding that their efforts embraced other articles than those which inaugurated their misfortunes. Except on two or three occasions (settling times), money has been comparatively easy amongst them at this place, but its abundance and cheapness here have been counteracted and rendered inoperative by the dearth of it in the consuming districts and by the numerous banking failures in the interior, as also by the condemnation of the small *Copper Cash* currency and consequent advance, all over the Empire, in the value of the large or officially sanctioned coin. Indeed, things generally have combined to frighten our dealers, to kill the spirit of speculation within them, so to speak; and their continued wail has been of the unsatisfactory state of trade throughout the country. Individuals there are, whose accounts will shew up fairly enough at the close of their year, but these are they who possess a good command of ready money,

and whose business connections are extensive and powerful. The general body of our native merchants have not done much to boast of since their year opened, last February.

Grey Shirtings.—According to the Returns furnished to the Shanghai General Chamber of Commerce, the year opened upon us with a minimum stock of 838,000 pieces of all weights (a minimum stock, because the Chinese speculators of the previous autumn were heavy holders, but of their holdings the Chamber neither asked nor got any account), and it closes with an estimated supply on hand of over 1,670,000 pieces, with which to commence 1878. The deliveries—re-exportations, &c.—for the first six months of 1877 exceeded those of the same period of 1876 by about 220,000 pieces, but from 1st July to 31st December, by a similar comparison, they fell off by very nearly 800,000 pieces, and the business of the two years shews that 1877 has gone backward to the extent of close upon 500,000 pieces; while, in its receipts, 1877 exhibits a deficiency of 300,000 pieces only, the decrease in the supply having likewise taken place within the past six months. Now considering that the last half of the year is generally the busiest and witnesses our heaviest clearances, the foregoing figures clearly point to some very unusual and most weighty disturbing element at work in our tradal channels and centres; and we are of opinion that this serious derangement of our trade has had its origin and development in the famine, more than in any inherent defect, inferiority, or adulteration attaching to the goods themselves. For the first three months, *Grey Shirtings*, generally, were yielding very decent profits upon the home cost; but hope, pointing to a continuance of such a strange phenomenon, nor dreaming of the recurrence of evil days, made speedy arrangements for an overwhelming supply from home to replace those goods that had “gone before” into consumption. So soon, however, as the Northern men had fairly rid themselves of their heavy winter purchases and had no longer any object in supporting the market, down went prices; evil days, aye, months of them, supervened; demand fled from Shanghai, and the difficulties and troubles of importers multiplied until all around them seemed one thick darkness, from which the only escape was by forcing their holdings off by Public Auction. Moreover, there were times when even that prop failed the more tender-hearted of the philo-auction section of holders, when they were ashamed, afraid, to realise at the rates tendered. Eventually, however, they were forced to submit, and fortunate indeed did they consider themselves when their firmness recompensed them subsequently by the attainment of better values. But more frequently the boot has been on the other leg, and often have they had to deplore the influence which impelled them to reject earlier offers.

The past year has shewn that the day of COMMON OR EXTRA FILLED *Grey Shirtings* has nearly gone by in China. In Japan, there is still a market for the article, and to that country the Shanghai holder has been greatly indebted for the many opportunities it has afforded him of reducing his holdings, to which end his efforts have been unceasingly directed since the end of April. About that time, the value of very common $8\frac{1}{4}$ -lbs. fell below Tls. 1.20 per piece, and while the supply lasted,—right down to the setting in of winter—it ranged between that figure and

Tls. 1.07 per piece, with the exception of one spell of exceeding dulness at midsummer when sales were registered as low as Tls. 1.05 per piece. With the diminution of stocks, prices stiffened in November and December to Tls. 1.18 *a* 1.24 per piece, but buyers were choked off by the rise, and at the close the market was quiet and weak with a few buyers for Japan only, at the last named quotations.

Dewhurst's Eagle—8½-lbs.—by reason that its importation and sale are the monopoly of one firm—has maintained a high valuation throughout the year. In January it was quoted Tls. 1.88, and with very little variation it continued so quoted until August when, in common with every other thing, it had to succumb to the evil influence which affected the general market. But its price has never gone under Tls. 1.80 per piece for sound unlettered goods, and that is more than can be said of any other chop in which business of any magnitude has been done here during the period under review. Sales of the unlettered *Eagle* and of *XX* were registered in December at Tl. 1.80 and Tls. 1.82 per piece respectively.

The intermediary grades of 8½-lbs., *i.e.*, fair medium up to good, have been fully represented by the C.P.H. *Lion* chops—green, blue, and red—nearly all of which have been disposed of by public auction at rates ranging as follows:—

		Jan.	Feb.	March.	April.	May.	June.
<i>Red Lion</i> ...	Highest, per piece...Tl.	1.73½	1.70	1.70	1.65½	1.60½	1.65
	Lowest, " " " " " "	1.70	1.65	1.66½	1.58½	1.55½	1.56½
<i>Blue Lion</i>	Highest, " " " " " "	1.70	1.61	1.63	1.54½	1.45½	1.43½
	Lowest, " " " " " "	1.62½	1.57½	1.56	1.46½	1.33½	1.38½
<i>Red Lion</i> ...	Highest, " " " " " "	1.63½	1.59	1.54½	1.48½	1.38	1.37½
	Lowest, " " " " " "	1.60½	1.51½	1.51½	1.38	1.23	1.27½
		July.	Aug.	Sept.	Oct.	Nov.	Dec.
<i>Red Lion</i> ...	Highest, per piece...Tl.	1.64	1.62½	1.55½	1.53½	1.50½	1.56½
	Lowest, " " " " " "	1.60½	1.58½	1.52	1.47½	1.48½	1.48½
<i>Blue Lion</i>	Highest, " " " " " "	1.46½	1.47½	1.44	1.42½	1.44½	1.50
	Lowest, " " " " " "	1.45½	1.45	1.39½	1.35	1.40	1.39½
<i>Green Lion</i>	Highest, " " " " " "	1.41½	1.41	1.35½	1.34	1.36	1.40
	Lowest, " " " " " "	1.37½	1.37½	1.33	1.29	1.31½	1.33½

These, gathered from the weekly sales, are the highest and the lowest points touched each month, and they furnish a vivid illustration of the sensitiveness and instability which have characterised this branch of the import trade. Indeed, in these respects, they pretty correctly mirror the course of the market for nearly every description of English made *PLAIN COTTONS*.

Regarding 6 and 7-lbs. goods, a few words will suffice. Both weights have been seriously affected by the accumulations of low 8½-lbs. and the prevailing passion to be rid of them. The three articles have run pretty much in one groove, and, at the best, they have proved but sorry investments. An enquiry which sprang up for 6 and 7-lbs. towards the end of the year disclosed the fact that they, too, were in reduced stock, and their prices stiffened a little in consequence. At the beginning of January, 1877, the value of 6-lbs. was set down at from Tl. 0.95 *a* 1.00, and 7-lbs. stood quoted at Tls. 1.05 *a* 1.35 for the generality of chops—Tls. 1.55 being

the figure for Dewhurst's *Eagle* of the latter weight—the whole improving as winter advanced to the basis of Tls. 1.60 per piece for the last-named. With the advent of Spring, however, there came a reaction, and on 27th April that standard had receded to Tls. 1.40 per piece. Nor did the decline stop there. In June, a further fall of 3 candareens per piece took place, and in the course of the following six weeks 2 candareens more had to be conceded by sellers; while in November and December, with a very slow market, the 7-lbs. *Eagle* was not worth more than Tls. 1.30 per piece. Other chops have not experienced so wide a range, but this one, being more akin to the medium qualities of 8½-lbs., has been influenced by them as above.

Heavy Shirtings, generally, have been in the same swim with the middle and lightest makes. About China New-Year there was some speculation in the import, and quantities of the better and favorite chops were sold for distant arrival and delivery, the buyers in several cases paying cash on signing the contracts, so eager were they after the goods. On the 21st March, for instance, it was written—"10-lbs. special chops have been in renewed favor, and this week the price has gone up with a leap, *Tunsin Eagle*, Dewhurst's, having been resold by speculators at Tls. 2.56½ up to Tls. 2.60 per piece, nett (as against the sale price—Tls. 2.46½ less ½%, noted last week), while the importer now demands Tls. 2.65 per piece." The excitement, however, was shortlived. Bad news came from NEWCHWANG—which as the feeding port of Manchuria and Corea has risen to importance in connection with the offtake of finest heavy Shirtings within the last two years—and, simultaneously, the cry of *Mildew* was heard high above all others. The upshot of the matter was that several contracts—portions of which had previously been cleared without any demur—were repudiated. Moreover, the rejections were unconditional, absolute, the native refusing heavy allowances in respect of the alleged damage; and sellers, utterly unable to enforce clearance (for it was a case of *ex nihilo nihil fit*, in which even that precious institution the Mixed Court could render them no assistance) had to bow their heads in lowly submission. Since then, the business has been carried on rather spasmodically. The market has seldom favored holders, and, in addition, they have often had to listen to and recognise in a substantial manner the most frivolous claims for mildew damage. On the 28th December, the rate by sale for *Tunsin Eagle*—A—was Tls. 2.38, the mildews of the chop selling about the same time at from Tls. 2.18 a 2.28½ per piece.

Importations of all weights, as reported by the Customs, amount to 4,922,517 pieces, against 5,234,716 pieces in 1876; and the deliveries for the same periods are 4,370,000 pieces, against 4,875,757 pieces.

White Shirtings.—The offtake of 1877 may be set down at 579,000 pieces, against 612,000 pieces in 1876, and the importation amounts to 681,800, against 626,000—the comparative stocks at the close of each year being about 195,000 pieces, against 135,000. The deliveries for the first six months of 1877 exceeded those of the last six months by nearly 110,000 pieces; but the earlier half of the year is usually the best season for this fabric, and the past term—January to June—has not proved itself an exception to the rule. As with their originals in the Grey, after the

earlier requirements were satisfied approved chops only and those specially held, did any good, or maintained anything like a steady value. The commoner to commonest counts on more than one occasion had to be classed amongst the "unsaleables." More especially was that the case in the July-December term, in the course of which the rate for ill-favored 64-reeds dropped to Tls. 1.27 a 1.30 per piece. For true 64-reeds—*Tai-ping Eagle*—Dewhurst's—*E-Yuen Eagle*, *Tai-wo Stag*, *Kungping Lunkie*, and so on, prices have ranged between Tls. 2.10 a 2.00 and Tls. 2.00 a 1.90 per piece; for others of similar qualities, true counts but of less repute, they have been Tls. 2.00 a 1.85 and Tls. 1.85 a 1.75 per piece; for fair mediums, again, Tls. 1.90 a 1.75, receding to Tls. 1.75 a 1.65, have been the range of the market prices, while the low makes opened at Tls. 1.70 a 1.55, falling before six months had passed fully a quarter of a Tael per piece. It is needless to follow the course of other reeds (52, 60, 72, 80, etc.), further than to say that, excepting when any special article was required, they have been subjected to and influenced by the demand for 64-reeds.

T-Cloths.—The position of these—statistically—stands thus:—

Imports,	1877 ... Pieces	2,694,000	against	1876 Pieces	2,821,000
Clearances,	" ... "	2,301,000	" "	" "	2,765,000
Stock estimated,	" ... "	922,000	" "	" "	836,000

These figures likewise exhibit a diminished trade, and the prices current have, as a general rule, been fixed upon a low basis throughout. In Winter and Spring some invoices, cheaply laid down here, yielded fair returns to the concerned; but afterwards there was little pleasure or benefit derived by any one interested in the article. Before last China New-Year, there were certain speculative purchases made at figures which looked a certainty for profit; but after months of holding the operators were undeceived by the accounts turning out somewhat as follow:—

6-lbs. *Red Pheasant*, bought at Tl. 0.91½ a 0.93, re-sold at Tl. 0.79 a 0.82½
 7-lbs. ordinary, " " 1.02 a 1.05, " " 0.92½ a 0.95
 7-lbs. *Mexicans*,
 Stewart's *Lion & Flag* quality..... } " " 1.20, quitted shortly afterwards at same

rate. This quality, however, by the end of Autumn had declined to about Tls. 1.05 per piece, improving towards and in December to Tls. 1.08 a 1.09 per piece.

8-lbs. Stewart's *Lion and Flag* quality—bought from speculators at Tls. 1.33 a 1.35 per piece—was subsequently resold at a price which barely gave interest on the outlay. About the beginning of summer the quotation was Tls. 1.40, but before long it fell to Tls. 1.35 a 1.33 per piece, and to-day it can hardly be quoted higher.

T-Cloths as a class are fairly represented by the above, and so we close this paragraph with a memo. of the quarterly ranges for specialities of 7 and 8-lbs. *Mexicans*, taking Dewhurst's *Eagle M.T.* as the standard.

	First Quarter. per piece.	Second Quarter. per piece.	Third Quarter. per piece.	Fourth Quarter.
7-lbs., .....Tls.	1.33 a 1.39	Tls. 1.38 a 1.44	Tls. 1.44	} Seldom quoted,
8-lbs., ,,	1.71 a 1.62	,, 1.65 a 1.69	,, 1.69	

but *Chop Dollar*—Dewhurst's—7-lbs., which is fully 5 cands. per piece better than *Eagle*, was sold on 5th December at Tls. 1.40 per piece.

Drills.—Unlike the other Cotton fabrics already reported on, the clearances of *Drillings* have been pretty evenly distributed over the whole year, which would, *prima facie*, argue a steady business in the commodity; but this is hardly correct, for there have been numerous “bursts,” so to speak, and during these accumulations were disposed of, generally at low prices at their commencement, and at considerably improved rates as stocks became reduced. The fluctuations in value, however, have never been serious, and, taking one thing with another, placing their profits against their losses, those concerned in the English fabric more especially have come fairly well out of the business. From January to March, the quotations for common to good ordinary 14-lbs. English hovered between Tls. 1.80 and 1.95 per piece; in April to June, the lowest point was Tls. 1.68—touched in May—and the highest Tls. 1.91½—in April; at the beginning of July common *Dragon* was sold at Tls. 1.76½, which a speculative “burst” raised to Tls. 1.78½ in August; the comment in reference to the market then being, “and this, notwithstanding a healthy trade enquiry, and a diminished stock.” Again, in September—“For *Dutch* and *English* 14-lbs., demand has been lively, and the unsold stocks of both are now almost exhausted. Yet it has been no easy matter to raise prices upon buyers, who, at the close, are still struggling against the enhanced notions of holders. Of *Dutch*, Gelderman's *Dragon* has sold at Tls. 2.30 per piece, but Tls. 1.84 is the highest point touched by good ordinary 14-lbs. English, while the bulk of the business in the latter has been done at Tls. 1.81 a 1.82½ per piece.” Towards the end of the lastnamed month, the paucity in selection began to tell, and an improvement of 3 a 4 candareens per piece was established; but that was soon lost, the quotations for Mendel's *Pillar* receding to Tls. 1.79 a 1.80, at which the market closed on 31st ultimo.—*Dutch Drills* have not been in steady request. Demand for them has come at irregular intervals, and between these the article has been utterly unsaleable. Nevertheless, it has fairly well maintained the opening rate of the year—Tls. 2.20 per piece for Gelderman's *Dragon*; indeed the price rose to Tls. 2.30 at the close of Autumn, and the dealers seem now inclined to speculate in *Dutch* goods, at, however, a decline of 2 mace per piece from the highest point. The manufacturers in the Netherlands, equally with those in America, deserve credit for the purity which has continued to characterise their productions; and it may interest them to know that the Chinese, although not particularly upright as a nation, appreciate honesty in the things they receive from others. *American Drills*.—The table published above shews the immense stride that this branch of our trade has taken since the close of 1873, and without farther comment we shall allow it to tell its own tale, only adding a few figures tending to shew the course of our market during the past year. Taking P.M.C. (Pepperell Mill Co.), D. as a basis, prices have run somewhat as follows:—

Tls. 2.82½ a 2.85, January to March; Tls. 2.85 a 2.93, April to June; Tls. 2.91½ a 3.00, July to September; and Tls. 2.92½ a 2.75, returning to Tls. 2.82 per piece, October to December. On several occasions the stocks of P.M.C.D. and of M.M. (Massachusett's) D. were run very low, and at such times holders commanded exceptionally high rates; but so soon as supplies in quantity were received from America quotations declined, and frequently importers were fain to submit to the reduced rates, having found to their cost how sorely against the grain it is for the Chinese to improve upon their first offers. In conclusion, we may here remark that it is a peculiarity specially attaching to *Dutch and American Drills* that *sea damages*—if not actually rotten—always command a ready sale, and comparatively full values at Public Auction; and this because the process of dyeing does not materially affect the weight or strength of the cloth.

The total Importations of Drills, as reported by the Customs, stand at 1,002,700 pieces, against 1,173,000 pieces in 1876; and the total Deliveries are 947,000 pieces, against 1,301,000 pieces. During the last half of the year, consumption increased instead of diminishing, like *Shirtings*, etc., but the total offtake falls far below that of 1876, and the decrease is composed wholly of the English and Dutch manufacture (the former chiefly.) Importations, however, have never greatly exceeded requirements—sometimes even they fell short of them; and mainly to this fact, perhaps, is owing the tolerably equable range of values which is shadowed in the foregoing remarks.

Jeans.—This textile presents a worse picture for contemplation even than any other of the four cotton fabrics already passed in review. The figures are as follow:—

	Importation.		Deliveries.
1876.....	Pieces 247,000	.....	Pieces 325,700
1877.....	„ 384,000	.....	„ 268,400

which shew a decrease in the offtake, against a heavy excess in the receipts of 1877.

It is difficult to conceive what led to such an extraordinary and overwhelming supply. At the opening of the year stocks were light, certainly, but the prospects were no better for *Jeans* than they were for other staples; indeed 1876 pointed to a waning business in this article, and one would have imagined that prices at its close, looked at in the most favorable light, were not such as to warrant any ordinarily cautious man rushing in so incontinently. But without speculating as to the cause, there stands the fact; and what has been the result? Importers in their own experience can best tell. Sometimes a lucky man has sold his chop and cloth at a profit, but the general outturn of the business—in the commoner makes of the *English* manufacture more especially—has been very unfortunate. On 24th ultimo a *Peacock* chop was sold at Tls. 1.26 per piece, and for six months previously the price of C.H.P. *Green Peacock* rarely went over Tls. 1.31 per piece, which cannot be considered a very encouraging return against a home cost of perhaps not less than 6s. 3d. per piece. Of *American Jeans* the consumption has increased; but to some extent it has been stimulated by the quantities of damaged goods which have been disposed of at auction for account of

the concerned, and these sales have tended to keep down the value of sound cloth. The first private transaction of the year was recorded on 28th February (2,000 pieces P.M.C.J. at the satisfactory figure of Tls. 2.50 per piece), but on the 8th of June following the quotation had fallen to Tls. 2.25 a 2.26½ per piece, and at the end of December there were sellers of that brand at Tls. 2.30 per piece. The natives favor the P.M.C. *Beaver* the most, and occasionally whilst that has been marketable as above, other chops have been utterly unsaleable at anything like their intrinsic differential values, or the equivalents of the differences in the home cost.

Sheetings (including *Continentials*)—The income of these at this place has likewise far exceeded the outgo, but the offtake of 1877 exhibits a large increase over that of 1876. The statistics at date register 106,000 pieces in favor of the past year, and the American fabrics lay claim to nearly three-fourths of that increase. Of *Continentials* there are several qualities, the finest of which sell at Tls. 2.95 a 2.90, against Tls. 2.30 per piece or so for the inferior grades. It is doubtful whether even the best of these do more than cover, but we are assured that the lower descriptions have lost considerably. The *American Sheeting* proper has been, more or less, a “going” article since the opening of the northern ports last Spring, and we fancy that, until quite recently, current rates have on the average returned a little profit upon the invoices. In February, Tls. 2.72½ per piece was tendered for the *Massachusetts* chop, and refused. A sale on the 20th March, however, established Tls. 2.70 as its value then, and Tls. 2.69 was the quotation a week afterwards, while Tls. 2.75 was the rate for *Indian Head*. At these figures buyers could not get fully supplied. Holders refused to sell, and the result was that, a month later, the dealers were readily paying an advance of fully Tl. 0.1.0 per piece. The settlements “to arrive” about this time were heavy, and when the *John Nicholson* from New York made her appearance here (mid-May) the following was written in reference to her cargo:—“Indeed, it is rumoured that the buyers had deemed it prudent to insure “the profits which they hoped to realise on their transactions.” That vessel discharged a good many damages, but it suited the natives to clear the greater portion of them at the original contract prices, and shortly afterwards it was reported that they had contracted for 30,000 pieces more, afloat in the *Coldstream* and *B. F. Watson*, on the basis of Tls. 3.10 for the *Indian Head* chop. That proved the highest point of the market. Both vessels arrived in due course, the one in July, the other in August; and at the beginning of September some of their sea damages were auctioned at Tls. 2.90 a 2.70 per piece for the *Flying Horse* (*Massachusetts*), which still shewed a healthy market for the article. But the decline had set in, and soon the price for that chop was quoted Tls. 2.85, at which it continued in some demand for the Chefoo districts for the remainder of the year, excepting one lot which was sold in November at Tls. 2.82½ and Tls. 2.80 per piece.—*English Sheetings*, for the most part, have been governed by the scarcity or abundance of the American product, and prices have gone up or down accordingly. Seldom has there been any independent excitement for them in the market, and only on one occasion was this specially noticeable; thus, in the middle of May, “cheap cloth

“has been asked for, and, where the price has fitted, quality has been “held at a discount;” but the trade demand was moderately steady during the interval from March to November, and although the majority of importers were almost invariably compelled to sell at a loss, it is satisfactory to find that the business in English-made Sheetings in North-China is a growing one. The totals are—

	Pieces.		Pieces.
1876—Importations.....	115,320	Clearances	149,000
1877— do. say	372,000	do.	255,000
In favor of 1877	256,780		106,000

The picture is not what it ought to be, but possibly the diminished export from home, of which we have been hearing so much of late, will rectify matters in the course of the present year 1878.

FANCY COTTONS.—If possible, this branch of the Piece Goods trade has proved more annoying, perplexing, and discouraging to the foreign importer than has that of the Plain Cottons department. Of the many articles composing it, *Handkerchiefs*, *Velvets*, and *Turkey Red Cambrics* only can boast of a larger trade than was done in 1876. And the increase in these even does not bring with it a healthy sense of pleasure or satisfaction to any one, the consumers only excepted.

Of *Handkerchiefs*, the stocks were run very low at the beginning of the year; and large indents were given by native speculators to foreign agents, which for the most part were executed within limits. It would have been well if the business had ended there, but the little bait thus thrown out was altogether too much for the foreign element, and *Handkerchiefs* came out in such quantities that a casual observer might have fancied every rag made was being sent to China. The imports for the year reach the enormous total of 562,000 dozens, against a consumption—stimulated latterly by an exceedingly low range of prices,—of 269,000 dozens; and they have left merchants with a stock equal to three-fourths of a year’s requirements, not taking into account the quantities which the natives themselves have in their own keeping.

Turkey Red Cambrics.—Although the trade have taken upwards of 35,000 pieces more in 1877 than in 1876, business in this article has been forced and highly unsatisfactory throughout. The increased offtake is due entirely to the fact that holders of very long standing—tired of waiting for a demand—have frequently “given their goods away,” to use an auctioneering expression; and if the interested reader will seriously think over a 2 a 2 $\frac{1}{4}$ -lb. cloth being unsaleable for months together at Tl. 0.9.0 a 1.0.0 per piece, he may, if so inclined, form some notion of the difficulties that have beset the paths of sellers, as well as of the consequences to those concerned in the fabric. The imports have fallen short of the deliveries in 1877 by 25,000 pieces, and that is an additional proof that *Turkey Reds* have offered but slender inducements to capitalists for the investment of their money.

Velvets.—Supply has kept pace with the demand, but there has seldom been what could be termed a plethora on the market; consequently, enquiry being fairly constant, there has never been any great variation in the price. The top of the market—in March—was Tl. 0.1.7

per yard for ordinary *Lie Woman* quality, and the bottom Tl. 0.1.4½ per yard was touched in November. The average value of the year was about Tl. 0.1.5½ per yard. Stocks on 31st December, 11,267 pieces.

In regard to the other articles of *Fancy* nomenclature, it is not necessary to say much, beyond the tale told by the statistics attaching to each. That reads as follows:—

		1875.	1876.	1877.
		Piecs.	Piecs.	Piecs.
<i>Chintzes</i> ,	oftake.....	174,700	162,700	125,000
<i>Brocades and Spots</i> ,	do.	77,700	51,800	39,500
<i>Damasks</i> ,	do.	16,500	14,000	12,800
<i>Dyed Shirtings</i> ,	do.	51,000	37,100	21,246
<i>Velveteens</i> ,	do.	15,700	11,900	11,386

and so on.

The diminution which these figures depict is of itself serious enough, but it becomes infinitely more so when taken in connection with the fact that the supply has continued on a scale anticipatory, more or less, of a better and larger business. It may be averred that in all this the consumer has gained great advantages, but in the interests of truth it must be said that there have been times when the native middlemen had better have kept out of the business; the results of their purchases on the spot and of their indents from home having, as a rule, been bitterly disappointing to them. In fact, of the latter kind of transactions, there are at this moment *Chintzes* and *Handkerchiefs* held by the natives, on which, unless things change for the better, they stand to lose from 15 to 20 per cent.

In 1876, there was a good trade in *Imitation Cashmeres*, *Printed Twills*, and some merchants were well repaid for their ingenuity in catering for the tastes of our dealers; but these, in 1877, seems to have gone the way of every other thing, and for a length of time past a selling quotation for the article has stood out amongst the passing business like an oasis in the desert.

WOOLLENS.—The trade of 1877 does not present any new feature or anything calling for extended comment. Of *Spanish Stripes*, *Medium Cloths*, and *Lustres*—plain and craped—the clearances are less than they were in 1876, but those of *Camlets*, *Long Ells*, *Lastings* and *Figured Orleans* are larger; totals being as follow:—

	1876.	1877.
	Pcs.	Pcs.
Camlets	80,800	88,300
Long Ells	92,100	96,600
Lastings	42,700	45,900
Lustres—Figured.....	123,700	141,000
,, Plain.....	25,400	16,200
,, Crape	13,355	9,600
Spanish Stripes.....	61,600	46,700
Medium Cloths.....	36,400	32,200

the income all the while being fully commensurate with the outgo. We have had a highly sensitive market throughout the year, and we shall see a continuance of violent fluctuations unless a little more

consideration is given by importing auctioneers to the requirements of the day. The policy—as far as the outside public can read it—followed out at the auctions seems to be “sell on arrival,” no matter whether there be a demand or no; and thus it has happened that a *Camlet*, for instance, has been forced off to-day, say at Tls. 12.25, and wanted a week later at 4 or 5 mace higher, with no seller; or, looking at the reverse of the picture—readily marketable for to-day’s steamer at Tls. 13.00, and forced off to-morrow in the face of a satiated demand at Tls. 12½. The same with *Long Ells*. C.P.H. Dark Blue of these was worth in September last Tls. 7.25 per piece; saleable in October at Tls. 7.70; wanted about mid-December at Tls. 7.00, and sacrificed on 1st January at Tls. 6.64 a 6.65 per piece; and this “will ye nil ye” way of doing business it is which has caused so many to retire from the Woollen goods trade in disgust. Private holders acting on sound commercial premises may be constrained to refuse at 10 o’clock any morning, an offer which, by reason of some accident—to put the matter in its mildest form—at an auction an hour later will not be repeated saving under most exceptional circumstances. But the auctions continue to flourish, and it is only reasonable to suppose their promoters have found that encouragement in them which private sellers have sought for in vain, and the absence whereof has turned the bulk of them out of the trade.

The falling away in the offtake of *Spanish Stripes* and *Medium Cloths* is serious, and the more one tries to divine the cause thereof, the more he gets convinced that things in China go by the “rule of contrary.” Mr. Hippisley, in commenting upon the decline of the Woollen Piece Goods trade between 1867 and 1870, says*—“From a consideration of the uses to which Woollen Goods are applied, I am inclined to believe that this decline will continue, and that as the demand for many of these goods was increased by the rise in the cost of silk which was occasioned by the Taiping devastations, so as prosperity returns, and the yearly cultivation of the mulberry and the silkworm causes the price of Silk Piece Goods to decline, these latter will recover the position of which their enhanced cost has temporarily deprived them.” That, however, can apply only to those articles which the ingenuity of Westerns has devised as a substitute for Silk Piece Goods; and unquestionably some of these—such as *silk finished Figured Orleans*, of the newest and most *recherché* designs, *Crape* and *Plain Lustres*—are already “knocked higher than a kite.” But the greater abundance of silk, involving as it does the growing prosperity of the native, should work the opposite way with *Camlets*, *Long Ells* and *Cloths*, for these articles from the first, *i.e.* since the Nanking Treaty opened the Northern Ports to the foreigner, have been taken by the people as necessaries, and we cannot find that their values have ever been in any way affected by the silk yields. Moreover, in reference to these last, Mr. Hippisley’s conclusions—which, if carried to the extreme, forecast the extinction of the trade, and this we think no one connected with the business will accept as likely—are barely in accordance with facts; for, if memory does not play us false, Silk, and as a consequence Silk Piece Goods, were as cheap to the native before the Taipings destroyed him and his

* Report on Trade 1876, p. 19.

mulberry trees as they have ever been since; while in those pre-Taiping days the prices of such Woollens were very much higher than they are now, and we have dim recollections of the Benjamin Gott and Sons' and the Waterhouse's *Spanish Stripes* selling sometime in the far distant and long forgotten past at Tls. 1.10 and Tl. 1.00 per yard; a piece of *Long Ells* at something over Tls. 8, and an S.S. *Camlet* at Tls. 17 or 18, while *Raw Silk*—with an Exchange of 7s. per Tl.—was cheaper to the Exporter than it ever has been, almost, since the Taiping visitation. But that order of things is now changed. Silk—which is produced in greater quantity—has risen in value, while the Woollen goods under notice have fallen, and that, too, without any ostensible reason, for—*Spanish Stripes* and *Medium Cloths* excepted—consumption has largely increased since those days, and for all we know the decrease in these two textiles during 1877 may be traceable to the famine, or to some other one of those disturbing causes referred to in the earlier stages of this retrospect. The natural deduction from all this is that it is not the question of a Silk Piece Goods competition which the foreigner has to study, so much as the price at which he is able to produce and to supply the demands of this people; for their appetites have been whetted on the stone of cheapness for years past, and they will take ill to any change to dearness in the future.

We cannot, of course, pretend to say whether the importation of Woollens has been remunerative during 1877; but by way of inference, and basing our calculations on the cost and selling prices of a piece of *Scarlet Long Ells*, we cannot see that the returns have been adequate to the risk run. Say the home cost of C.P.H. has been 31s. (and that is not a particularly high average); add 10% for Freight, Insurance, Duty, Interest, &c., which is within the mark; take 5/5 as the rate of Exchange, and place all against Tls. 6.56 the average selling price here last year, and there is not very much left but loss for the trouble and anxiety attaching to the business.

The following averages will tell the remainder of the story of the several textiles specified:—

	First Quarter.	Second Quarter.	Third Quarter.	Fourth Quarter.
<i>Camlets</i>.....C.P.H., p. pc.	£ 12.89½	£ 13.13	£ 13.30	£ 13.10
<i>Long Ells</i> „ „ „	6.65	6.41	6.56	6.61
<i>Spanish Stripes</i> .. „ p. yd.	0.52.4	0.51	0.53½	0.55½

Of the other articles of Woollen manufacture it is not necessary to say more than has been said. They have been more or less a “weariness of the flesh,” or spirit, to every one importing them, and although there are instances on record, in black plain *Lustres*, in special figures of *Orleans*, and in *Lastings*, that have shown some good, it is to be feared the general balance of “venture account,” for 1877, has been unfavourable to the importer.

Table A.—DELIVERIES of PIECE GOODS through and from Shanghai for the years 1875, 1876 and 1877:—

	1875.	1876.	1877.
Grey Shirtings.....Pcs.	4,554,000 ...	4,876,000 ...	4,370,000
T-Cloths	2,405,000 ...	2,764,000 ...	2,301,000
White Shirtings	619,000 ...	612,400 ...	578,500
Drills, all kinds	742,000 ...	1,301,000 ...	947,300
Jeans,	346,600 ...	326,000 ...	268,400
Sheetings,	90,800 ...	149,000 ...	255,214
Dyed Shirtings	42,000 ...	37,000 ...	21,400
Brocades and Spotted Shirtings, White	77,000 ...	41,800 ...	39,800
" " " Dyed... ..			
Damasks, Dyed	18,000 ...	14,000 ...	13,800
Chintzes	180,000 ...	162,800 ...	125,100
T. Red Shirtings.....	94,000 ...	94,400 ...	132,650
Velvets.....	54,000 ...	61,700 ...	62,400
Velveteens	14,000 ...	11,900 ...	11,700
Handkerchiefs	211,000 ...	209,000 ...	267,900
Muslins	40,000 ...	58,700 ...	29,000
Dimities	14,500 ...	11,900 ...	11,500
Spanish Stripes	54,300 ...	61,600 ...	46,700
Médium and Broad Cloths	31,000 ...	36,400 ...	32,200
Camlets, English and Dutch	85,000 ...	80,800 ...	88,300
Long Ells.....	93,700 ...	92,100 ...	96,650
Lastings	45,900 ...	42,700 ...	45,900
Crape Lastings	11,900 ...	5,500 ...	5,000
Lustres, Plain.....	28,000 ...	25,400 ...	16,200
" Figured	177,300 ...	128,700 ...	141,200
" Crape	29,000 ...	13,300 ...	9,500

Table B.—IMPORTS of PIECE GOODS into Shanghai for the years 1875, 1876 and 1877.

	1875.	1876.	1877.
Grey Shirtings	4,280,047 ...	5,234,716 ...	4,922,517
T-Cloths	2,790,274 ...	2,820,938 ...	2,694,020
White Shirtings.....	666,571 ...	626,199 ...	681,833
Drills, all kinds	716,391 ...	1,172,967 ...	1,002,742
Jeans,	496,906 ...	247,596 ...	384,259
Sheetings,	152,933 ...	115,320 ...	372,089
Dyed Shirtings	72,938 ...	15,594 ...	21,302
Brocades and Spotted Shirtings, White	24,720 ...	12,811 ...	8,090
" " " Dyed			
Damasks, Dyed	46,104 ...	43,577 ...	41,804
Chintzes	15,134 ...	8,320 ...	19,295
Turkey Red Shirtings	159,921 ...	112,670 ...	155,112
Velvets	111,709 ...	107,965 ...	111,238
Velveteens	55,010 ...	49,878 ...	67,970
Handkerchiefs	22,763 ...	12,373 ...	15,350
Muslins	181,702 ...	195,081 ...	562,855
Dimities	34,499 ...	62,123 ...	33,089
Spanish Stripes	9,380 ...	7,539 ...	5,549
Medium and Broad Cloths	49,929 ...	60,627 ...	50,160
Camlets	35,841 ...	44,756 ...	36,153
Long Ells.....	83,616 ...	71,648 ...	95,317
Lastings	92,676 ...	90,952 ...	101,320
Crape Lastings	45,783 ...	38,329 ...	63,100
Lustres, Plain.....	5,109 ...	1,898 ...	6,170
" Figured	42,687 ...	20,243 ...	11,697
" Crape.....	84,497 ...	92,050 ...	165,472
" Crape.....	19,263 ...	3,563 ...	13,121

Table C.—Statement of DELIVERIES of COTTON and WOOLLEN PIECE GOODS at and from Shanghai to the various dependencies during the year 1877, compiled principally from the "Customs Daily Return."

Goods.	Ningpo.	Wenchow.	Chinkiang.	Wulum.	Kinkiang.	Hankow.	Choofoo.	Tientsin.	Newchwang.	Foochow.	Hongkong.	Nagasaki.	Higo.	Yokohama.	Bundram.	Local.
Grey Shirtings Pes.	350,639	29,100	571,590	26,010	167,560	1,068,718	243,137	769,910	183,390	41,821	103,810	33,530	232,769	181,619	17,600	348,500
T-Cloths	218,859	38,220	156,619	24,145	107,635	389,664	204,442	553,548	145,240	60,305	41,785	27,945	23,625	56,950	11,625	246,205
White Shirtings "	32,478	980	22,315	1,460	10,569	124,448	12,269	255,577	14,049	2,110	13,034	3,270	8,725	1,800	2,849	72,550
Drills, all kinds "	26,695	9,810	47,960	9,190	30,330	253,340	37,085	208,383	143,380	10,405	5,430	14,655	34,346	41,360	800	34,130
Jeans, " "	54,571	1,430	1,360	1,795	1,240	52,352	16,130	123,369	4,200	...	50	...	3,110	2,000	380	6,310
Sheetings " "	4,600	320	200	1,900	1,070	10,070	16,833	182,933	23,678	...	...	...	...	...	60	7,500
Dyed Shirtings "	310	...	50	170	300	1,697	3,382	8,186	1,370	...	149	1,644	3,438	250	...	500
Brocades & Spot.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Shirt's, White "	300	...	350	...	50	2,298	2,195	1,100	...	...	100	...	100	...	...	100
Do. do. Dyed "	2,670	380	2,500	765	2,770	6,340	6,234	4,839	725	150	450	...	...	...	100	5,300
Damasks, Dyed "	...	...	800	162	80	8,006	1,052	1,891	120	...	40	...	...	...	380	1,250
Chintzes..... "	2,926	420	9,719	470	3,280	23,523	5,819	30,836	10,798	1,320	1,445	2,150	3,089	62	161	29,080
Turkey Red	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Shirtings..... "	3,695	1,686	8,720	...	315	12,741	21,921	50,768	6,376	485	3,920	2,920	11,325	1,161	500	6,120
Velvets..... "	2,111	127	2,215	1,455	3,749	16,390	1,421	1,706	122	419	24	3,591	17,177	4,297	...	7,640
Velvetens..... "	400	48	1,142	...	...	4,912	48	...	2,600	...	1,584	...	...	...	...	982
Handkerchiefs Doz.	9,653	620	37,536	11,660	34,320	55,800	1,600	10,824	10,800	1,000	6,350	3,619	6,462	...	...	77,620
Muslins..... Pes.	750	100	650	...	...	2,900	1,400	5,000	10,650	300	...	2,760	1,040	...	...	3,600
Dimities..... "	677	100	850	50	300	2,950	50	1,300	1,875	...	...	...	...	...	...	5,400
Spanish Stripes "	2,795	612	4,530	522	5,168	11,198	1,587	4,508	582	1,920	2,330	30	312	...	6	10,624
Medium & Broad	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Cloths..... "	2,008	162	3,070	794	2,555	11,188	204	204	964	208	478	240	624	228	38	9,226
Gamlets..... "	2,470	710	3,770	2,541	9,630	47,187	880	5,640	1,320	5,240	1,110	350	830	10	170	6,450
Long Ells..... "	1,380	460	6,020	3,360	12,857	52,646	340	1,540	920	1,040	7,890	1,380	1,500	460	40	4,820
Lastings..... "	1,887	300	1,140	480	3,329	17,642	1,200	7,740	5,720	1,360	369	2,189	900	...	20	1,600
Crape Lastings "	340	20	1,300	40	1,200	220	199	200	1,790	60	...	...	...	...	...	660
Lustres, Plain "	500	...	395	...	500	700	300	1,550	...	...	1,900	2,710	6,800	630	...	200
" Figured, "	12,135	1,240	14,043	1,010	5,146	34,925	14,121	18,619	5,339	700	1,950	239	1,630	120	50	20,920
" Grape "	350	...	1,150	...	200	5,140	50	2,450	...	...	...	...	...	...	...	...
Lead in Pig., Pels.	9,742	71	3,875	38	26,035	28,216	3,039	3,932	3,511	9,807	...	580	...	...	...	...
Iron—Nail Rod "	38,023	42	33,739	88	...	12,376	5,545	...	12,854	...	9,559	3,749	...	...	...	...

silk. It was natural that, after the excitement and exaggerated inflation of 1876, the succeeding year should be one of disappointment and depression in the Silk trade. The years 1876 and 1877 have almost repeated the experience of 1856 and 1857. In both cases, a sudden and great rise in the value of Silk gave enormous profits to all concerned in the trade, which in most instances were destined only to be swept away by the succeeding reaction. The chief difference has been that in the earlier years the fortunes of one season were lost in the next, while in the later the fluctuations were both more violent and more rapid, the rise and fall, although belonging to different years, coming within the limits of the same season.

Apart from the fact that Silk had risen to an unusually high point, the causes of the recent great decline in value have been :—

The conflict between political parties in France, which for months has paralysed her Silk trade ;

The outbreak of war in Europe, which naturally stopped speculation on all markets ;

The increase in supplies for export from the East in 1876-77 over original estimates, caused by the attraction of high prices, on which we remarked in our retrospect of 1876 ;

And, lastly, the restriction of consumption resulting from high prices and from the discredit thrown on Silk fabrics by increasing adulteration in Europe. The falling-off in Silk consumption in England is shown by the following figures of deliveries of China Silk from the London warehouses :—

In 1875.....	36,634 Bales.
„ 1876.....	33,837 „
„ 1877.....	22,032 „

From Lyons, accurate figures are not easily obtainable ; but the decrease there appears to be even greater.

The increasing adulteration of Silk fabrics, which has been carried to a great extent in Lyons, has had the natural effect of reducing consumption. This subject has lately attracted much attention in Europe, and has been fully discussed in numerous letters to the *Times*, and in a leading article in that journal on 26th November last. If, as that article suggests, the Legislature should interfere to prevent the further sale of “ solidified dye, supported by a slender frame-work of silken threads,” under the name of pure Silk Goods, we may hope that the result will be a healthier Silk trade in the future.

The year 1877 opened with prices in Europe about 2s. below the highest speculative point which they had touched three months before, the London quotation for Blue Elephant being about 26s. The Shanghai market was nearly on the same level, and the favourable position of statistics (had consumption been maintained on its previous scale) led to a considerable business here during January. This, however, was soon stopped by the rapid falling-off in European deliveries. Month after month showed constantly diminishing figures, until in April, London deliveries had fallen to 1,200 bales *v.* 3,600 bales in the previous September.

Prices here naturally fell as advices became worse and prospects darker. The disturbed state of European politics added to the gloom, and when war broke out between Russia and Turkey in April, the value of Silk here showed a decline of about Tls. 170 per picul from the beginning of the year. It was natural that doubts should arise as to the ability of Silk-holders to meet their engagements, and this led to a state of panic on all markets during the months of April, May and June. Almost every successive sale which was forced led to a further decline, and it became evident that the only remedy for the disastrous state into which the trade had fallen was an almost total stoppage of supplies. This was carried out by the China buyers with remarkable unanimity, and it was owing to their action that we then had a fairly healthy and remunerative trade for the next four or five months.

The Chinese, excited by the early results of the previous season, disregarded the warnings given them by foreign buyers here, and opened the up-country markets in the end of May at Tls. 470 for Blue Elephant, or about 20 per cent. above the prices ruling in Europe. Their leading argument for expecting to find buyers at this advance was that the crop here had been injured by weather, and was estimated at only 55,000 bales, a deficiency of 15 or 20,000 bales from the export figures of the three preceding seasons. The effect, however, which this deficit would otherwise have had, was neutralised by the reduced figures of consumption. For nearly a month this market remained unopened, and for another month there were few or no buyers at a reduction of about 10 per cent. from the opening rates up-country, say on the basis of Tls. 425 for Blue Elephants. Settlements here during June and July (including 1,200 bales of old Taysaam and Yellow Silk) were only 1,800 bales *v.* 19,300 bales in the same two months of 1876.

Prices then gradually fell, and in the last days of August they touched Tls. 360 for Blue Elephant, a decline of 15 per cent. from opening rates. The Chinese, however, were reluctant to face the losses which they incurred by accepting the prices then ruling, and only those holders who were pressed for money would part with any of their Silk. Export consequently continued very small, and the European markets gradually righted themselves, as consumption, even on its reduced scale, was allowed to eat into the over-grown stocks. The sensitiveness of this market to the first sign of improvement in Europe was shown by the fact that in the first week of September, as soon as telegrams reported a fractional recovery in Europe, prices here at once rose Tls. 40 per picul, to Tls. 400 for Blue Elephant, about which range they remained steady throughout September. Settlements continued very moderate, and the total for the first four months of the season was only 9,000 bales *v.* 53,200 bales in 1876. The 7,000 bales bought during August and September gave fair and in some cases very good results to shippers, and the business of these two months forms the only bright spot in the history of the year.

During October, prices further advanced to the level of opening rates, and the remaining months of the year have seen little fluctuation. There have been alternate times of quietness and bursts of excited buying, the latter of which culminated in the third week of December, when 9,000 bales were bought or contracted for in one week, being the equivalent of $2\frac{1}{2}$

months' consumption in Europe. The M.M. str. *Djemnah* on 21st December took 6,538 bales, being, we believe, the largest cargo of Shanghai Silk ever exported. The heavy shipments of November and December appear to have checked speculation on consuming markets, and prospects, so far as can be seen at present, are not favourable for the large quantity of Silk afloat.

The fluctuations during the year have been great, and the results to exporters must have been very chequered. The first four or five months entailed very heavy losses on the shippers of the 13,000 bales which then went forward. The first 2,000 bales of the new Season covered cost, and the next 7,000 bales gave fair and in some cases handsome profits. Since then, the average result on 31,500 bales has probably been slight loss. On the whole, therefore, the year 1877 has been a most unfavourable one for shippers, and much of the profits of 1876 must have been lost.

The class which has been most in favour throughout the year, and which has uniformly given the best results, has been common Tsatlee. The difference in value between a standard No. 4 and a common No. 5, which in January was 3*s.* a 4*s.*, has been contracted to 1*s.* 6*d.* a 2*s.*, and consequently the lower classes have paid profits at times when better Silks failed to cover cost. The cause of the favour shown to common Tsatlee has probably been the adulteration of Silk Goods to which we have referred above, which has enabled a fabric made from a soft and dull-coloured thread to be worked up to the brilliant appearance of one manufactured from superior Silk.

The system of selling Silk to arrive by chop names under "firm offer," had increased to a great extent in 1876. In October, 1877, the Chinese Silk Guild recognised how much this system was against their interests and those of the trade generally. It gave exaggerated importance to chops which might, and often did, vary from one season to another, and thus led to constant disputes; it took away from holders the control of their stocks for a week or more, and if a considerable rise or fall occurred during that time, there was too much room for suspicion of bad faith on one side or the other. The Guild, therefore, resolved on a rule which abolished this system, and their action was generally approved by foreign buyers. Unfortunately, however, as soon as the Chinese became anxious to sell, this rule was transgressed, at first secretly, and then openly; and it is to be feared that, like many previous regulations of the Guild, it will be allowed to fall into abeyance.

The following figures of Export show that the greatest falling-off in demand has been from the French markets.

Export of Shanghai Silk to—

	England.	The Continent of Europe.	America.
1875	26,166 bales.	35,309 bales.	7,321 bales.
1876	27,735 ,,	39,401 ,,	4,237 ,,
1877	21,797 ,,	21,573 ,,	4,024 ,,

We append a table of prices and statistics of the business done in Shanghai during each month of 1877:

Month.	Quotation for Chop No 3 Tsatlee.	Quotation for Blue Elephant.	Quotation for common Tsatlee.	Exchange for 6/mo. Credits.	Stock in Shanghai.	Settlements during the month.
	Tsals.				Bales.	Bales.
January 1st ..	580 a 610	550 a 560	490	5s. 8½d.	20,000	4,500
February ..	530 a 550	510 a 520	440	5s. 10d.	15,000	1,200
March ..	460 a 490	420 a 430	360	5s. 8½d.	13,500	3,000
April ..	470 a 500	430 a 440	370	5s. 5d.	10,500	3,800
May ..	410 a 440	390 a 400	340	5s. 5½d.	7,000	500
June ..	nominal	nominal	nominal	5s. 6d.	7,000	300
July ..	450 a 470	415 a 425	370	5s. 5½d.	8,500	1,500
August ..	nominal	410 a 420	350	5s. 5d.	17,000	3,700
September ..	nominal	355 a 365	295	5s. 5½d.	17,000	3,500
October ..	440 a 460	40½ a 410	335	5s. 6d.	16,000	7,500
November ..	450 a 480	415 a 425	350	5s. 6d.	18,500	10,000
December ..	440 a 470	415 a 425	365	5s. 6d.	15,000	14,000
„ 31st..	450 a 480	425 a 435	375	5s. 6½d.	10,000	..

Black Tea. During the inevitable flight of Tea buyers in the early part of May, and even when they had assembled in Hankow, less excitement was observable than usual. This, added to the very disastrous results of the past season, was considered an omen of caution and consequently moderate prices, which it was fairly thought might lead to a profitable business in the face of moderate stocks in the consuming markets.

Ningchows were first offered on May 17th, and buying immediately began on the basis of about Tls. 10 per picul under the previous year's prices. Other district leaf arrived on the 19th, when it was seen that the crop of Oonams and Oopacks was very inferior, causing an advance in finest Ningchows of three to four Taels. Oopacks, Oonams, and Oanfals opened from three to four Taels per picul under the year before, and shipments were rushed forward with even more than the customary rapidity, owing chiefly to the fact that natives met the market freely, particularly for the common to medium grades which were bought at unprecedentedly low cost for first crop Teas; finest and choice parcels advanced considerably as the inferiority of each district became more marked.

The foregoing sketch of the Hankow campaign would point to a fair prospect notwithstanding the large shipments, as it might not be altogether unreasonable to conclude that the Home Trade would be prepared to hold stocks at prices to show a fair remuneration on those paid. The reception, however, of the Teas in London soon dissipated any such view, and it was at once seen that the season 1877×1878 was not going to be a relief to the serious monotony of recent years, but rather that it was to be distinguished for extremely low cost in China and a percentage of loss at home distressingly large.

The system of auction sales "without deserve" was adopted more than ever, at home; and the haste to quit any cargo of low cost exhibited by Importers, was reduced to an absurdity.

We may remark here that, as in every season, there were profits made on Teas from some districts. These were a few Ningchows, Tow-yun Oanfals, Kintucks, and the new district of Loongchun. Prices in London continued to decline for all common and low medium kinds, while in good medium

there was an important advance during August, which has been maintained for desirable parcels ; the decline on common to fair grades culminated in November, when the quotations had reached a range not even remembered by our antediluvian friend "the oldest inhabitant." In the early part of December a slight speculative enquiry for common, assisted by a fair Russian demand, at last laid bare the fact that this particular grade was not in such abundant supply as was generally thought, and prices advanced in two to three weeks fully twenty-five per cent, say from 7d. a 9d. per lb., a rate at which common Congou has since remained steady ; the improvement came too late to benefit the "many," owing to the anxiety before described of holders to be rid of these grades, and to the inability to replace their sales on this side.

The first crop closed some thirty thousand chests in excess, while the second and third were short about one hundred thousand chests, showing a net deficiency of seventy thousand chests, and demonstrating clearly that prices in China for the greater part of the season were below the cost of production. Since the beginning of August, estimates of the final decrease in the yield of Congou from all China have varied from fifteen to twenty million pounds. The closing figures are about as follows :—

Deficit from Foochow	8,000,000 lbs.
" " Amoy	2,250,000 "
" " Shanghai and Hankow	7,000,000 "
" " Canton .....	.....
	17,250,000 lbs.

The Home Trade have been so often misled by similar estimates, that they declined to believe them until the season was actually closed.

By reference to the table below, it will be seen from what districts the deficiency arises :—

PARTICULARS OF THE QUANTITIES OF TEA RECEIVED FROM EACH DISTRICT IN THE PROVINCES OF OOPACK AND OONAM.

OOPACK PROVINCE.	1877×8 chests.	1876×7 chests.	1875×6 chests.	1874×5 chests.	1873×4 chests.
Sung-yong.....	88,263	61,021	49,889	38,821	50,629
Yang-low-tong.....	70,083	83,625	73,128	45,208	51,718
Tong-san	29,974	31,085	23,177	18,976	17,290
Ko-kew	1,631	7,240	5,913	7,855	10,990
Loong-kong	1,418	4,298	5,889	11,338	9,680
Makew	2,375	4,867	2,017	4,220	5,479
Tai-sa-ping	19,456	8,245	958	3,850	4,357
I-chang	2,355	2,022	491	....	....
	165,505	202,403	161,462	130,268	150,063
OONAM PROVINCE.	chests.	chests.	chests.	chests.	chests.
Oanfa	180,057	173,238	153,520	187,785	133,673
Seang-tan	17,032	66,855	49,804	61,227	76,068
Chon-sow-ki	52,425	60,696	55,463	55,940	36,218
Ly-liug	36,333	35,735	43,119	33,813	33,280
Ping-kong	25,396	21,620	27,888	23,223	25,235
Nip-car-see	5,629	25,494	21,088	21,783	23,236
Low-yong	29,667	22,998	32,725	26,709	23,329
Wun-ki	33,049	26,424	17,421	11,678	9,520
Yang-low-see	7,764	2,765	3,922	2,435	10,483
Chun-ham	3,633	4,250	2,700	7,168	5,830
Gew-how	1,990	3,285	4,654	4,325	6,670
Yoc-chow	3,833	2,876	4,152	2,745	2,475
	406,808	446,336	416,406	393,831	385,311

Shanghai.—A considerable stock had accrued before the market opened at this port on the 11th June; the selection was, as is usual at this time, of a most undesirable kind, consisting chiefly of teas unsaleable at Hankow. Settlements were very slow throughout the month, buyers evidently awaiting sales out of the first steamers, before operating. Prices as follow :—

Shantaams.....	11½ a 15 Tls. per picul, against 16½ a 19½ Tls. per picul.
Hohows	17½ a 21 " " " 23 a 25 " "
Ningchows.....	21 a 25 " " " 24 a 34 " "

July opened with a steady tone, but directly news of the bad reception of teas "ex first steamers" arrived, the market became quiet, and business for the first fortnight was on a small scale, being confined principally to second crop Ningchows from 23 a 31½ Tls. per picul, most of the second crop Hankow district teas having found a market at that port. The month closed with an active demand, influenced no doubt by increasing evidences of supplies being checked in both the North and South of China. Holders, however, met the market, and prices shewed but little change.

During August the demand mentioned in the previous month was well sustained, and the stock on offer being small, prices exhibited a rise of quite two to three taels per picul on medium, and one and a half to two taels on common grades. Arrivals were very small, and as the selection on offer was of a most inferior nature, there was a tendency on the part of buyers to overclass teas. Continual bad advices from home began to have an effect on the market, and the month closed with a quieter tendency.—In the beginning of September, a dull and rather uncertain feeling as to future supplies was apparent, arrivals having come in more freely; holders were offering to sell at a reduction of one tael, but without meeting with any response, and it was not until a fall of fully two taels had been established on the extreme rates previously current, that any business to speak of was transacted. The enquiry was chiefly for common grades, and a fair amount was settled from 10¾ a 11½ Tls. per picul, a good deal of which found its way to America.

The demand for common teas continued in October, the lowest quotation being 11½ Tls. or fully ten per cent. over prices then current in London; but as these kinds became scarce, more attention was paid to the better grades, and a moderate business was done at slightly higher rates. Considerable quantities of dust were offered and found buyers at from 6½ a 9½ Tls. per picul.

November opened with small stocks, which were firmly held, and the few settlements reported established an advance of half a tael to one tael, the lowest quotation for "common" being 11¾ Tls. per picul. London telegrams at the close quoted a slight improvement in common Congou.

December may be considered the closing month of the season. The rapid advance on common grades in London caused the few lots offered to be eagerly taken at 12 a 13 Tls., against 10 a 11 Tls per picul for superior teas in September.

The following figures shew the total shipment of Congou, including dust, and how distributed :—

	1877-78.	1876-77.
To United Kingdom	72,750,000	75,439,310
„ Russia direct .....	.....	4,692,007
„ „ and Continent, viâ United Kingdom	33,450	58,091
„ Russia viâ Tientsin	8,215,000	7,000,000
„ United States	2,132,464	2,246,502
„ Lost at Sea.....	.....	556,039
	83,130,914	89,991,949

Green Tea. Operations during the season just closed exhibit results of a most unsatisfactory nature, particularly considering the fact that the greater portion of the period under review has been characterised by really moderate quotations here, and a statistical situation in the consuming markets favorable to an extent we have rarely seen—from which can only be drawn the conclusion that *Green Teas* are slowly, but surely, going out of consumption.

During the early part of the season, Teamen were very confident in estimating a deficiency in the crop of 15 per cent.; and even to the close of October, they stated the falling off would be 10 per cent. Final figures, however, show only a slight decrease in “weight,” although the number of half-chests is 20,000 less than last year. We would remark here that this evident increase in pounds may arise from the better quality of the yield; but, whether this be the case or not, it will be well if buyers give more attention to such significant signs while the seller persistently estimates supplies by the number of packages.

Total arrivals we estimate as follows, in half-chests :—

	1877 × 1878.	1876 × 1877.
Country Teas	315,000	336,000
Pingsueys	103,000	96,000
Shanghai Packed	8,000	14,000
	426,000	446,000

From the above figures it will be seen that notwithstanding the low range current throughout for Pingsueys, supplies continue to increase.

The unprecedentedly low rates current recently for country grades, together with the excessive losses suffered by Teamen of late years, have brought about what has often been talked of—the establishment of Hongts to a large extent for the manufacture of leaf into Congou, which, if successful, will have the effect of seriously diminishing supplies of Green during the coming season.

Pingsueys were first offered on the 14th of June, and on the 16th the purchase of a chop grading only medium was reported at 33 Taels. That this was considered a very full rate was evidenced by an immediate decline of Taels 2 @ 3, on which basis a fair business passed chiefly for America. Quotations were about 8 Taels under the previous season's opening, and the quality somewhat inferior. A fair enquiry existed to the close of the month, at slightly declining prices. A chop of Taiping was offered and only elicited a bid of 22 Taels, against 28 Taels the year before.

In the early part of July, American purchases for the steamer *Glenorchy* kept the market steady, notwithstanding a languid English demand. About the 15th, business began in Fychows, Taipings, and Kemuns, at from 23 @ 27 Taels, the latter figure being given for fine Kemuns. Transactions throughout the month in country Teas were small, as the "style" thus far was considered disappointing. Teenkais were offered on the 26th, but no business transpired in these during the month, which closed with a general decline of Taels 1 @ 2 per picul, and a dragging market.

Nothing of importance was done in August till the 7th, when Teenkais opened at Tls. 30½, being about Taels 3 under the previous season. By the middle of the month, Moyunes had been offered; and on the 22nd business began at Taels 31 @ 31½ for finest to choice. It now became apparent that deficiency in make and appearance was a special feature throughout the whole crop. Hoochows were taken from Taels 23 @ 24, being full rates as compared with country Teas. Stocks were accumulating, and although the Export to England remained moderate, to America it was assuming dangerous proportions. Holders, however, exhibited much firmness, in view of the reduction in supplies at this time so confidently anticipated. At the close of the month, stocks had reached 65,000 half-chests, and the Export stood as follows :—

	1877 × 1878.	1876 × 1877.
England.....	1,719,042 lbs.	2,550,964 lbs.
America.....	2,835,508 „	1,029,103 „

After the first week in September, holders of Pingsueys became anxious to realize, and considerable purchases were made at a fall of Taels 2, principally for the States, country Teas being meanwhile quiet, but firmly held. Later a brisk demand arose for the fleet of Canal steamers on the berth for New York, which resulted in a large trade at about the following prices, viz :—

Good Taipings and Fychows.....	Tls. 19 @ 21
Fine Fychows and Teenkais.....	„ 25 @ 27
Fine to Choicest Moyunes.....	„ 25½ @ 30

At one time holders succeeded in establishing an advance of 1 @ 2 Taels, but as the steamer tonnage became exhausted a speedy reaction set in, causing the month to close heavily with a stock of 110,000 half-chests.

October began with a falling market, and it is worthy of note that fine lines of Moyune had reached a very exceptionally low range. Later on, American buyers operated more freely, and holders kept up a remarkably bold front in face of excessive stocks amounting to 114,000 half-chests. On the 31st October, the Export was as follows :—

	1877 × 1878	1876 × 1877.
England.....	3,396,455 lbs.	4,854,320 lbs.
America.....	7,172,987 „	6,083,399 „

During November, settlements were heavy and on the whole prices showed but little variation. Pingsueys were in small stock and limited demand, with strong symptoms of the season's supply being nearly exhausted. Notwithstanding the heavy settlements of the month, 55,000 half-chests, it closed with a stock of 100,000 half-chests.

